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Bombings Strike at Resorts in Spain

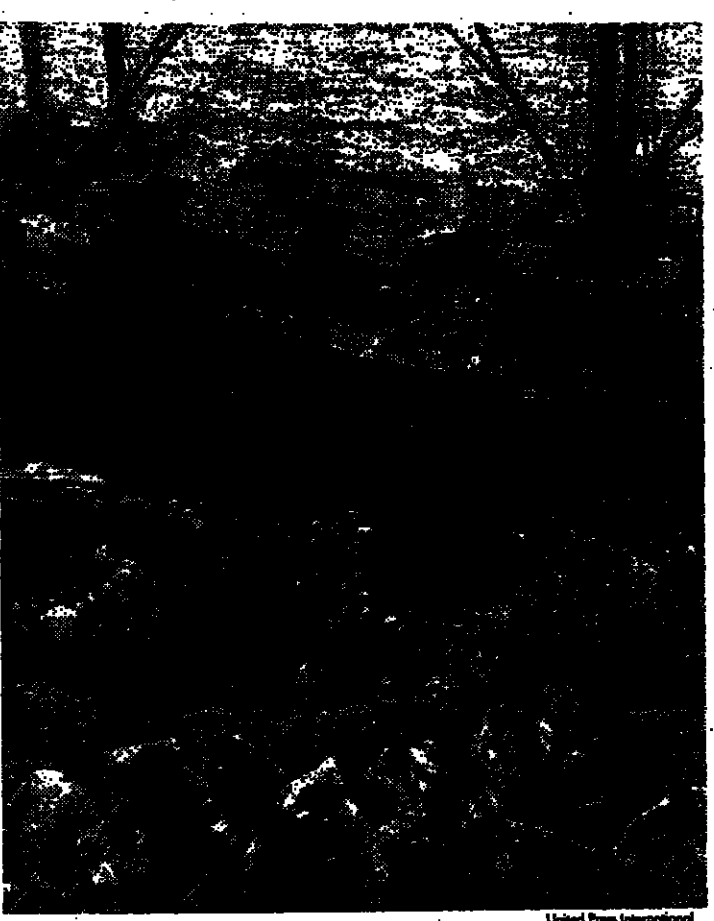
BRID, June 29 (AP) — Separatists have apparently abandoned their policy of attacking individual Spanish resorts and set off three bombs in areas popular with foreign tourists. Bombings were threatened for the next few days.

Bombs went off today in a western resort where Spaniards and West Germans mingle. A bomb exploded in a crowded area near the beach in Malaga, on the southern coast of Spain. Another exploded on a beach promenade in the southern resort of Marbella, where a bomb exploded in a crowded area near the beach. A third bomb exploded in a crowded area near the beach in Malaga, on the southern coast of Spain.

The bombings were part of a separatist movement in the Basque region of northern Spain. The movement is led by the Basque Nationalist Party (PNV), which has been fighting for Basque independence from Spain.

The PNV has been accused of a series of bombings and assassinations in the Basque region. The Spanish government has been accused of repression against the PNV and other Basque nationalists.

The bombings in Malaga and Marbella were part of a campaign of terrorism against tourists and the Spanish government. The PNV has been accused of a series of bombings and assassinations in the Basque region.



Vietnam refugees clamber up rocky shore of Hong Kong's outlying Lamma Island from their grounded freighter, the Skyluck.

Stranded Off Hong Kong

Vietnam Refugees Ashore After 20 Weeks on Ship

HONG KONG, June 29 (AP) — Desperate Vietnam refugees stranded on the rusty freighter Skyluck for almost five months succeeded in landing here today, by letting their ship run aground on an outlying island.

All 2,664 refugees were evacuated from the 3,500-ton, Panamanian-registered ship in driving rain after it hit a rock on Lamma island, about 2 1/2 miles southwest of Hong Kong Island. Officials said that the government decided to evacuate the refugees because the freighter was listing. "We have to think of the safety of the Vietnamese first," an official said.

At Tokyo Economic Summit

7 Nations Vow Oil Limits, Denounce OPEC Increases

By Hobart Rowen

TOKYO, June 29 (NYT) — Leaders of the seven major industrial nations joined tonight in a denunciation of the oil cartel's latest price increases and pledged themselves to specific national import ceilings designed to enforce substantial cuts in consumption.

At a press conference ending the economic summit here, President Carter and the other leaders made it clear that their collective response to OPEC marked a significant departure in the consuming nations' relations with the Organization of Petroleum Exporting Countries.

British Prime Minister Margaret Thatcher summarized the leaders' general feeling when she said that the summit's message "to these suppliers is that we are determined to cut demand and not to be so reliant on that source of energy."

President Carter called the summit a success, noting that the leaders had adopted "specific, tangible, quotable goals on import ceilings for 1978 and extending through 1985."

A major disappointment of the summit was that the concentration on energy pushed all other major world economic topics into the background.

Mr. Carter called special attention to the harsh, anti-OPEC language in the communiqué, noting that the word "deplete" was used and that the price action was termed "unwarranted, threatening economic difficulties, especially for the less-developed nations."

This rhetoric, it was learned, resulted from the strong reaction of the leaders when the OPEC price increases were announced. One observer said that the oil cartel's reference in a statement to the industrial world's not paying attention to the "participation" of OPEC was "a slap in the face."

The statement also referred to the relative moderation of some of the participants, presumably a bow in the direction of Saudi Arabia for holding its price to \$18 a barrel.

The leaders said that they would attempt to minimize the damage to their nations' economies caused by the OPEC action, but conceded that "our options are limited."

French President Valéry Giscard d'Estaing said that OPEC also bore heavy responsibility. "We do not hold the key alone," he said, warning that "we are going to have to change our habits, invent a lot, improve a lot."

In addition to Mr. Carter, Mr. Giscard d'Estaing and Mrs. Thatcher, Western leaders attending the two-day summit included Prime Minister Joe Clark of Canada, Chancellor Helmut Schmidt of West Germany and Premier Masayoshi Ohira of Japan. Mr. Ohira served as host and chairman of the conference.

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President Carter makes final remarks at the close of the Tokyo economic summit on Friday. Listening are (from left) West German Chancellor Helmut Schmidt, French President Valéry Giscard d'Estaing and Japanese Premier Masayoshi Ohira.

Guard Drives Sandinistas from Managua Stronghold

Managua, June 29 (AP) — The Nicaraguan Guard drove Sandinista guerrillas from eastern Managua yesterday and residents fled during the battle began rearing to their homes today.

The guard said that the guerrillas had heavy casualties in their attack, which was not completed after sunrise yesterday. Part of a guerrilla column was caught near Managua, 16 miles south of the capital.

The rebel withdrawal eased the military pressure on the Sandinista government, which had been accused of a series of bombings and assassinations in the Basque region.

The Sandinista government has been accused of a series of bombings and assassinations in the Basque region. The Spanish government has been accused of repression against the PNV and other Basque nationalists.

Nazi Guard Loses U.S. Citizenship in Appeals Court

NEW ORLEANS, June 29 (UPI) — The 5th U.S. Circuit Court of Appeals yesterday revoked the citizenship of Feodor Fedorenko, a former Nazi concentration camp guard, who concealed his past in his application to enter the United States.

The court reversed the ruling of a U.S. District Court in Miami, 72, which had granted Fedorenko citizenship when he was captured by the Germans in 1941. He served as an armed guard at the camp in Treblinka, Poland, until the end of World War II. He has lived in the United States since 1949 and became a naturalized citizen in 1970.

Qadhafi Threat to Halt Oil Sales Reported

DAMASCUS, June 29 (AP) — Col. Moammar Qadhafi, the Libyan leader, was quoted in an interview today as saying that he plans to shut off his country's oil exports for at least two years and is urging other Arab oil producers to do the same.

"We shall stop producing oil — except what we need for our own domestic consumption — for two years, perhaps three or four," Col. Qadhafi was quoted as saying. "The more we stop the oil in our ground, the better it will be for us."

For the 3d World: Fuel Imports Expected to Reach \$27 Billion

NEW YORK, June 29 (AP-DJ) — The higher oil prices decreed by the Organization of Petroleum Exporting Countries are going to hit developing nations especially hard, United Nations economists said yesterday.

The immediate impact will come from the higher bill for imported oil. An official, calling his estimate conservative, said this could increase to \$27 billion this year from \$18 billion last year. The higher oil prices can also be expected to divert money from purchases of other Third World products, thereby reducing export earnings.

Economists See Loss of 800,000 Jobs in 2 Years

WASHINGTON, June 29 (AP) — The oil price increases announced yesterday by the Organization of Petroleum Exporting Countries virtually assured that the U.S. economy will slip into a recession accompanied by higher inflation and increased unemployment, according to economic forecasters.

The increase will cost 250,000 jobs in the United States by the end of this year and an additional 550,000 jobs by the end of 1980, the forecasters say.

U.S. Plans to Boost Missile Warhead Loads

WASHINGTON, June 29 (WP) — The United States is quietly about to double the nuclear explosive power of more than 2,000 warheads now carried by Poseidon submarine-launched missiles as part of a major upgrading of the nation's strategic force, according to administration sources.

The unprecedented rebuilding program will increase the yield of about 300 of the 3-year-old Poseidon missiles. Another 192 are already scheduled to be replaced by newer, longer-range Trident-I missiles.

Would End in 1990

House Weakens Windfall Oil Profit Tax

WASHINGTON, June 29 (WP) — The House of Representatives sharply weakened the windfall oil profits tax bill yesterday before passing it and sending it to the Senate.

The House, 236-183, adopted a substitute to lower the windfall tax rate from 70 percent to 60 percent and to end the tax on oil production entirely in 1990.

The House Ways and Means Committee had toughened President Carter's recommended tax significantly before bringing the measure to the floor. It had raised the tax rate from Mr. Carter's pro-

posed 50 percent to 70 percent and made more of the tax permanent.

Voting for the substitute were 90 Democrats and 146 Republicans. Backers of the substitute, including the principal sponsors, Rep. James Jones, D-Okla., and Rep. Hanson Moore, R-La., argued that it would lead to twice as great an increase in domestic oil production as the committee version.

\$23.3 Billion

Rep. Jones and Rep. Moore also claimed that their substitute was tougher than Mr. Carter's bill, saying that it would take in an estimated \$23.3 billion over the next five years, compared to \$21.2 billion. The Ways and Means measure would have raised an estimated \$28 billion through 1984.

But a key element of the administration's proposed windfall profits tax was what has come to be called the "OPEC tax." This would have imposed the tax on newly discovered oil and "stripper" wells oil as its price rises, with OPEC prices, above \$16 a barrel plus a quarterly inflation adjustment.

The administration wanted a permanent "OPEC tax." Under the House-passed bill, however, it would end in 1990. The tax burden of oil companies after that would be billions of dollars less a year than under the administration plan.

In many ways, the bill the House approved follows the lines suggested by Mobil Oil Corp. a few weeks ago. Mobil recommended focusing the tax on oil now being produced but exempting newly discovered oil and oil from so-called "stripper" wells which produce fewer than 10 barrels a day.

President Carter proposed the tax last April as part of his plan to remove controls on prices of all domestically produced oil by September, 1981. As selling prices rise to world market levels, part of the resulting windfall would be captured by government.

Funds for Research

The proceeds of the tax are supposed to go into an energy trust fund to finance energy research and development and some rebates to the poor. However, legislation creating the fund and setting its spending targets will be considered later.

The Jones-Moore substitute also weakened the windfall taxes on production from marginal wells and from wells using expensive recovery techniques, such as injecting steam to drive out the oil.

Rep. Al Ullman, D-Ore., the chairman of the Ways and Means Committee, called the substitute a major change that would mean billions more for the oil companies.

Besides the tax on newly discovered and stripper oil, the bill would tax the difference between actual selling prices and what the controlled price of oil would have been.

The tax on lower-tier oil — oil found since 1973 — would begin to be phased out in 1985, ending in 1990.

—JOHN M. BERRY

Unofficial but Legal

N.Y. Spot Oil Market: Outside Controls

By John T. McQuiston

NEW YORK, June 29 (NYT) — The gasoline now being sold at a number of New York-area service stations for prices of \$1.60 a gallon is not the gasoline that legal oil marketers sell to the public.

It is supplied from tankers and barges loaded with thousands of gallons of petroleum products that are sold free of government controls by word of mouth through a worldwide network to any buyer willing to pay the going price.

This spot market in refined fuel, in which current tight supplies have pushed prices to record levels, is separate from the domestic oil market in the United States, where pricing and distribution are done within a system of federal controls.

Almost by definition, prices on the spot market must be irregular, much as the price of wheat on the commodities exchange, for example, is left free to move up or down in response to supply and demand.

The gasoline, which could be refined in Canada, South America, Africa or somewhere in the Middle East and shipped into New York Harbor, is sold either by direct contact with the owner or his agent or through a broker.

Elusive Network

The brokers are reluctant to discuss the spot market and be identified for fear of jeopardizing their contacts within the market, an elusive network through which million-dollar deals are made during transcontinental telephone conversations on the strength of a broker's word and reputation.

Brokers are one step of the chain from tanker to pump on which no federal or state tax is collected. However, the brokers charge for their services, a little under a penny a gallon.

In addition, some of the spot-market business is handled by traders, who buy and sell for their own accounts, assuming large risks in the process. In the last few months, most have been profiting handsomely.

One of those benefiting from the spot market recently was Antonio Mazzara, who operates a Getty service station in Smithtown, N.Y., that ran out of gasoline on June 16. He said that the Getty company told him he had used up his monthly allocation and would get no more deliveries this month.

"I wanted to stay in business, so I bought a shipment from an independent supplier for \$1.28 a gallon," he said, "and I'm selling it all I run out." After adding state and federal excise taxes and his own profit margin, his pump price was \$1.50.

Prices Fluctuate

Mr. Mazzara had purchased the gasoline from Capable Utilities of Medford, N.Y. Capable Utilities is a regular customer of Northville Industries of Melville, N.Y., which purchased the gasoline on the spot market.

A spokesman for Northville said that she did not know what price Capable Utilities had paid North-

ville for the unleaded gasoline that Mr. Mazzara bought. She said Northville's unleaded-gasoline price was different on any given day.

Northville's price was \$1.60 a gallon, \$1.17 for unleaded and \$1.12 for unleaded premium. On top of that, Northville collected state and federal excise taxes totaling 12 cents a gallon.

On the spot market yesterday, regular gasoline fell to 93 cents a gallon while "three weeks ago some unleaded regular was going as high as \$1.27 on the spot market," said Vincent Sgro, editor of *The Oil Business* Guide, an industry newsletter.

Mr. Sgro said that although only about 8 percent of the oil produced in the world is traded on the spot market, it acts as a barometer for the rest of the market, reacting quickly to changing conditions.

Mr. Sgro said that he thought that a gallon of unleaded gasoline

purchased now through a broker or by word of mouth for around \$1 a gallon was a bargain, and that the price could easily reach \$1.60 by the time it got to the pump because of federal and state taxes, transportation costs, and other handling fees.

Northville said it had been forced to deal in the spot market because federal regulations limited its ability to get supplies from the domestic market. "We don't have any domestic supplies," the Northville spokesman said, "yet we are mandated by the government to sell to our base, or regular, customers the same amount we sold them a year ago."

Only recently has business been good for the spot-market brokers in New York Harbor, according to Joan Showstead, managing editor of *Platts's Oilgram*, which is circulated worldwide and provides daily price reports on petroleum products.

During the last year, she said, there had not been much activity here because prices for gasoline had been higher in Europe, where it has been selling at pump prices of more than \$2 a gallon.

"It's a balancing act, and if the prices are right, buyers will go to foreign sources to buy," she said.

Demand Governs Price

"It's all perfectly legal," Mr. Sgro said, "because an overseas independent refinery is free to charge whatever he can get."

He is not guided by federal regulations and is not shipping in a tanker that belongs to a major domestic refinery," he said. "As a result, the Department of Energy has no control over his prices."

Those retailers selling spot-market oil remain subject to federal retail profit-margin regulations, but not the federal price ceilings.

French Police Expel Socialists After Illegal Radio Broadcast

PARIS, June 29 (IHT) — Police raided a makeshift radio station operated by members of the French Socialist Party last night, using tear gas to drive party leaders from the Paris building housing the station.

In a recorded message broadcast before the raid, party leader Francois Mitterrand, who was not present, denounced what he said was political exploitation by the government of the country's state-controlled radio and television.

The party's Paris federation had made known in advance that it would broadcast for an hour last night despite the state monopoly. It named the improvised station *Radio Riposte* (Radio Reprisal).

A police helicopter located the broadcasting site, and officials jamming cut off the program after seven minutes. Police arrived soon after and tore down the front door.

Several Socialist members of Parliament were roughed up while being expelled from the building in the central Cite Malesherbes. The Socialist, Communist and Left Radical parties all issued statements protesting against the police action.

Today the Socialist Party called a protest demonstration for Tuesday. A party spokesman called the raid "a scandalous attack on freedom, showing to what extent democracy is in danger in France." He charged that the raid was the first against premises of a democratic political party here since the pro-Nazi Vichy regime of World War II.

Commenting in an editorial today, the conservative *Le Figaro* recalled that defense of the state's broadcasting monopoly was standing Socialist policy. The daily *Le Monde* warned against "creeping fascism."



Sandinista guerrillas pose aboard a jeep they captured from the Nicaragua National Guard Thursday.

Sandinistas Driven From Managua Slums

(Continued from Page 1)

blance of normalcy with a number of gas stations opening, makeshift markets springing up, and little shooting heard in the city center. However, a curfew remained in effect.

The United States kept up diplomatic efforts to bring an end to the four-week civil war, but no progress was evident.

The new U.S. ambassador, Lawrence Pezzullo, presented Gen.

Somoza with a note from President Carter urging him to resign, diplomatic sources said, so that he could be replaced by a broadly based, interim government "to lead a transition to democracy."

The State Department today denied that Mr. Carter had written Gen. Somoza. "Neither President Carter nor any other U.S. government official has sent a letter to President Somoza," it said.

Within hours of flying here from

talks with U.S. officials in Panama, Mr. Pezzullo had a private meeting with Gen. Somoza in which the president expressed his willingness to resign on condition that the guard and the Liberal Party be respected and be given some role in a transitional government. Mr. Pezzullo has instructions not to present his credentials to the regime.

But the United States repeated that Gen. Somoza's departure has to be unconditional.

In San Jose, Costa Rica, a member of the Sandinista provisional government, Sergio Ramirez, said junta leaders had met in Panama Wednesday with the U.S. State Department's Latin American troubleshooter, William Bowdler, and the U.S. ambassador to Panama, Ambler Moss.

Skeptical Junta

Mr. Ramirez said Mr. Bowdler told skeptical junta members that Gen. Somoza was close to resignation and the Sandinista leaders replied they opposed the U.S. mediation effort, sensing military victory was near.

Opposition sources said that Gen. Somoza has told U.S. officials that he is willing to step down, although he has laid down conditions which seem unlikely to be accepted by the opposition.

U.S. officials are trying to persuade moderate opposition groups to accept the president's terms in the apparent hope of reducing the influence of the Sandinista guerrillas over any successor government.

We've been told that Somoza's resignation is only days away," an opposition leader said, "but the Americans are trying to use Somoza's head to strengthen the far right."

While the Shah of Iran was not much liked here, his vast military establishment was seen as a counterweight to Iraq, which since 1961 has made periodic claims on Kuwait and two of its offshore islands. The last border incident with Iraq occurred in September, 1976.

Prevailing View

The prevailing Kuwaiti view, while not losing sight of past Iraqi claims, is that Baghdad has in effect become more "moderate" as it has come out of its isolation from the rest of the Arab world in attempting to lead the opposition to the Egyptian-Israeli peace treaty.

As a longtime and generous supporter of the Palestine Liberation Organization, Kuwait shares the belief of other Arab nations that the framework of the Egyptian-Israeli treaty does not contain a solution to the Palestinian question, and therefore it does not feel uncomfortable with much of the opposition to President Anwar Sadat of Egypt.

While Kuwaiti leaders have avoided attacking Mr. Sadat personally, they were upset when the Egyptian, making a pun in Arabic, called their Emir "red Jaber," implying he was a Communist.

The Kuwaitis have no interest in seeing the Sadat government toppled and reportedly have not yet withdrawn some \$1 billion from Egyptian banks. But some Kuwaitis fear that in the long run the Egyptian-Israeli treaty could be turned into a powerful military alliance aimed at vulnerable, oil-producing countries.

Times, Printers Make Progress On U.K. Dispute

LONDON, June 29 (Reuters) — Leaders of the printers' union and management at the Times, closed for seven months by an industrial dispute, today announced a breakthrough in negotiations and said they hoped it would lead to publication soon.

The National Graphical Association and the Times said that they had agreed to defer negotiations on the introduction of new print technology, which brought the closure, and concentrate on getting the newspaper back on the streets.

The breakthrough occurred after the newspaper's Canadian chairman, Lord Thomson, personally entered the negotiations at a meeting today with union leader Les Dixon. Less than a week ago the NGA said that it saw no prospect of Britain's oldest national daily ever reappearing.

Under Sabah Dynasty Rule

Kuwait Seen as Microcosm Of Tensions in Middle East

By James M. Markham

KUWAIT (NYT) — This oil-producing, tax-free welfare state appears to have absorbed the shock of the revolution in neighboring Iran, but it is keeping a wary eye on the shaky Gulf region and the constant effect on its own politics of the Arab-Israeli confrontation.

"We have had the Egyptian revolution, the Iraqi revolution and now the Iranian revolution," said a leading member of the Sabah dynasty, which has ruled Kuwait since 1756. "We are used to this." But several months ago, with Shah Mohammed Reza Pahlavi driven from his throne and Iran in chaos, many Kuwaitis had a bad case of the jitters, as evidenced by the large sums of money that were transferred out of the country. Resident Iranian workers demonstrated, Khomenei's upheaval was going to spread to their small country.

The anxieties arose from the fact that the Kuwaitis are a minority in their own land because Palestinians, Iraqis, Egyptians, Yemenis, Omanis, Pakistanis, Indians, Syrians, Lebanese and others have flocked here to make their fortunes and take advantage of largely free schooling and hospital care. The last census, in 1975, showed Kuwaitis were 47 percent of the population of about a million.

With the nationalities living here something of a mirror of the Arab world, Kuwait has in the past reflected the region's tensions. At the height of the Lebanese civil war in August, 1976, the government dissolved the outspoken National Assembly, ending 14 years of parliamentary experimentation. The government also cracked down on the press, which, with many Palestinians in its ranks, had become bitterly critical of the Syrian Army's action against Palestinian guerrillas in Lebanon.

One of the government's first reactions to the Iranian revolution

Spain Bombs Hit Resorts

(Continued from Page 1) Press with an ETA statement warned that more bombs would go off unless the Spanish government met Basque guerrilla demands to transfer 100 ETA suspects from Soria prison north of Madrid to the Basque region. The government has refused similar demands in the past.

The communists asserted ETA's responsibility for bombings at Torremolinos and Fuengirola on the Costa del Sol earlier in the week. It said that the Spanish government would be responsible "for the great economic loss that would result from this armed campaign" against tourism, Spain's leading industry with \$4.9 billion in revenue last year.

The warnings to foreigners came at the start of the high tourist season, as travelers began streaming southward for northern Europe's annual July migration to the sun. The government has already reported 11.7 million tourists in the first four months of the year, up from 7.4 million in the same period last year.

Scotland Yard began an investigation. London officials said that they had no knowledge of Basque separatists operating there, but Basque sources in Bilbao reported that two Spaniards suspected of being ETA members were expelled from Britain to France earlier this week. ETA sources have reported contacts with the Irish Republican Army.

Refugees Go Ashore

(Continued from Page 1)

goes were picked up in the South China Sea from several sinking boats, but he was unable to produce his logbook or explain why it took more than 20 days to make the normal four-day trip from Singapore to Hong Kong.

On Wednesday, about 100 refugees out of 12,000 the Kaikak, detention camp here, stood police in protest against their living conditions. The camp is run by the prison department because it has not yet been taken over by the United Nations High Commissioner for Refugees.

In Bali, Indonesia, several foreign ministers gathered for a meeting of the Association of Southeast Asian Nations welcomed a U.S. plan, announced yesterday, to double the number of Indonesian refugees accepted by the United States. But there was a strong double output, said Singapore Foreign Minister S. Gnanapavan. He called the U.S. plan "not helpful."

Mr. Rajaratnam has been saying that pledges of more acceptances would only bring more refugees from Vietnam to the doorsteps of the five ASEAN countries.

Indonesian Foreign Minister Mochtar Kusumadarmas called the U.S. plan "very welcome." The foreign secretary of the Philippines, Carlos Romulo, said: "It is a good thing. It will encourage other nations to help." Thai Foreign Minister Uppadit Pacharajangkun echoed his colleagues, but added: "It does not solve the problem. You have to get at the core of the problem, which is Hanoi."

Sentence of 15 Years

In Lufthansa Robbery

NEW YORK, June 29 (UPI) — Louis Werner, a former Lufthansa cargo agent, was sentenced to 15 years in prison and fined \$25,000 today for masterminding the largest cash robbery in U.S. history, in which \$6 million was taken last December from the airline's Kennedy Airport terminal.

Werner, 46, stood silently before U.S. District Court Judge Mark Costantino as the sentence was imposed, then pleaded not guilty once again as the judge invited him to speak. "I saw four men who came in here and I heard them admit that they had planned the robbery and they walked out of here and I don't understand why I am convicted," Werner said, referring to four accomplices who agreed to testify in return for immunity.

7 Nations To Curb Oil

(Continued from Page 1)

time to revise its seven-year economic plan, will be allowed to maintain its present import level of about 5.5 million barrels a day through 1980 and then reach a target of 6.3 to 6.9 million barrels a day in 1985.

With a slight upward adjustment for Canada, the net result — after taking into account American and European commitments — is for a total growth in imports by 1985 of only 1.8 million barrels a day.

To put that in perspective, the general assumption before the latest oil crisis touched off by the Iranian revolution was that U.S. imports alone might swell from about 8 million barrels to 12 million to 16 million barrels a day by 1985.

The summit declaration also pledged, in general terms, to increase production of other forms of energy, including nuclear — with due attention to "guaranteeing our peoples' safety."

On the question of spot market prices, the leaders agreed "to bring into the open the working of oil markets by setting up a register of international oil transactions," but no ceiling on the prices the consuming nations might pay was included.

The proposal for a registry had strong backing from the European Economic Community.

President Carter tries eating with chopsticks Friday at a lunch for leaders of seven industrial nations at their Tokyo meeting. Next to him is President Valery Giscard d'Estaing of France.

Carter in Seoul for Talks On Pullout, Rights Policy

By William Chapman

SEOUL, June 29 (WP) — President Carter arrived here today on a delicate mission to show support for South Korean security without appearing to embrace a government that prohibits public dissent.

He is scheduled to discuss the withdrawal of U.S. troops with President Park Chung Hee and is also expected to express, at least in general terms, his policy on human rights.

That policy was under considerable strain here this week with many of South Korea's most prominent political and religious dissidents under house arrest, some of them complaining angrily that they are being detained because of their visit.

Arriving here from the Tokyo summit, Mr. Carter stepped off Air Force One at Gimpo International Airport for a brief greeting ceremony. He was met by President Park but within four minutes he had stepped on a helicopter and depart-

ed for a military base where he spent the night. Neither president made a speech.

Mr. Carter's schedule seemed to underscore a desire to keep a certain distance from Mr. Park, whose ban on public dissent is a conspicuous breach of the human rights policy Mr. Carter announced shortly after taking office.

Brief Discussions

The two leaders will meet for a total of two hours and 30 minutes except for a state dinner. Given the time needed for translation, it seems likely they will actually converse for less than an hour and a half.

The South Korean government, however, was dramatizing a closeness between the two leaders. Pictures of them dominate several city streets. Government-guided newspapers this week minimizing past differences, published almost nothing about disagreement over civil liberties and predicted a joint communiqué stressing friendship between the two countries.

Mr. Carter had promised before leaving Washington to hear the views of South Korean opposition leaders but the schedule left little time for that. It allows only 15 minutes in private with the opposition party's new chairman, Kim Young Sam, a critic of Mr. Park. Mr. Carter's meeting with religious dissidents, according to a government spokesman, will merely be a meeting with about a dozen religious leaders who represent "a diverse spectrum" of opinion.

Visit Protested

In two demonstrations recently and in a number of public statements, dissident leaders have protested that Mr. Carter's visit amounts to a stamp of approval of the Park government and some asked him not to come.

According to the Korean National Council of Churches, at least 60 prominent critics have been placed under house arrest during the last 10 days and several of them cost the government. Mr. Carter's visit prompted the restrictions.

How Mr. Carter treats the issue has become a central question of the journey. Dissidents are looking for a strong statement deploring repression and clearly directed at the Park government. It was understood that religious leaders would ask him to support three steps: an end to the presidential prerogative that bans public criticism of the government, the release of estimated 340 persons arrested in violating it, and a guarantee of free speech.

Mr. Carter spent the night at Camp Casey, headquarters of the U.S. Second Infantry Division, tomorrow is to visit American troops at a command post only short distance from the demilitarized zone that divides South Korea from North Korea.

Pullout Controversy

Withdrawing the remaining troops of that division is the major issue to be dealt with when Mr. Carter and Mr. Park meet late tomorrow.

Mr. Carter said in 1977 that a case for leaving troops here and his position has been strengthened by recent U.S. intelligence assessments which estimate North Korean strength in troops, tanks and artillery to be considerably greater than once believed. The U.S. Joint Chiefs of Staff have opposed resuming the withdrawal.

Informed sources say that the do not expect Mr. Carter to reveal his decision during the visit and that he will return to Washington to consult with Congress on the issue.

Retires From Army

Gen. Haig Assails Russia Over Global Terrorism

Michael Getler

ASTEAU, Belgium, June 29 (AP) — Gen. Alexander Haig, 54, unleashed a scathing verbal attack on the Soviet Union, charging Moscow and the "totalitarian regimes of the East" bear a large share of responsibility for the "global terrorism" with which we are plagued today.

The four-star Army general, addressing a press conference after a farewell ceremony, said he officially retired after 31 years of army service and 4½ years of the supreme allied commander in Europe, also spoke of unnamed "forces" seeking to "change through violence and terrorism the emergence of China as a superpower."

Gen. Haig's comment went far beyond the traditionally expected

of military officers and undoubtedly are a preview of the line he will pursue as he enters civilian life, which may include an effort to gain high political office.

Gen. Haig, 54, who served as a White House aide to former President Richard Nixon and Secretary of State Henry Kissinger has been mentioned in some conservative circles as a possible presidential or vice-presidential candidate or contender for a Senate seat from his native Pennsylvania. Today he repeated that "as of now, I have no political plans."

Narrow Escape

"When I return home, I intend to speak out publicly on the concerns that I have with the security of this country," he said. "The productivity of such public statements and the continuing them or terminate them depending on the contribution they do or do not make," he said. "Four days ago, Gen. Haig narrowly escaped an assassination attempt by unidentified attackers when a bomb blew up under a bridge as his car was crossing over it."

U.S. Plans Missile Boost

(Continued from Page 1)

...with 150 kilotons, the limit by that agreement.

Although it is possible to test a device below 150 kilotons and then "leak it up" in scientific terms to a 350 kiloton or larger warhead, U.S. nuclear weapons designers have doubts about such a process. A dispute still exists between the two weapons laboratories — Los Alamos Scientific Laboratory in New Mexico and the remote Livermore Laboratory in California — over the yield of the 12-A warhead.

At Los Alamos, the device tested a version of it before the yield test went into effect. It did not test out to its projected kiloton yield. By the time adjustments were made, the 150-kiloton limit was in effect and it was late to test the device at full yield. After that, the then director of Los Alamos, Dr. Harold E. Smith, announced that his lab did not certify a weapon's yield as it had been tested at full yield.

The Air Force is said to lean toward the 500-kiloton warhead because the device has been tested.

Design Competition

Another unpublicized factor in MX warhead determination is competition for doing the design that has been under way for four years between Los Alamos and Livermore.

Within the weapons building community, it is believed that more expects to get the MX but the only moderate yield device it has designed for the MX tested since 1976 at below 150 tons, according to a source familiar with the design.

Los Alamos is the designer of the 12-A warhead. The Air Force, that official, however, said more does have designs for "gator size" warheads that would be compatible with the MX. The solution to the bureaucratic design could be solved, according to this official, if the MX were to have two types of warheads. Los Alamos would provide 8 or 10 warheads each with a 350- or 500-kiloton yield, and Livermore would design the larger megaton size with MX carrying 4 or 6 of them.

But formulation almost matches U.S. intelligence sources the Soviet Union has done with loading of their SS-18. And it is option being examined within Pentagon for the MX.

Cancer Polyp Is Removed From Dayan

TEL AVIV, June 28 (Reuters) — A cancerous growth has been removed from the intestine of Israeli Foreign Minister Moshe Dayan, the surgeon who operated said today.

Dr. Boris Goldmann said on television that there was no indication that the cancer would spread. The polyp was removed Sunday.

Prime Minister Menachem Begin visited Mr. Dayan in hospital today. Mr. Dayan, with a hoarse voice, was shown on Israeli television telling Mr. Begin: "We are both adults and we have never hidden anything from each other. If it appears that I am not fully capable of working... But I am, then I will return to work."

Mr. Begin replied: "And because you are here, I had to receive [U.S. Ambassador] Samuel Lewis at 10 o'clock last night."

Tornadoes Hit 4 Iowa Towns

CHICAGO, June 28 (AP) — Tornadoes hit at least four north-central Iowa towns today, killing three persons. A village was evacuated after an ammonia tank exploded.

The twisters wrecked buildings, knocked out power and telephone lines and felled trees. Many roads were blocked.

The tornadoes hit Algona, Manson, Goldfield and Renwick — all small towns. Tornadoes were sighted in at least 11 other communities. In Renwick, about 420 residents began an evacuation after a tank holding anhydrous ammonia — a fertilizer — exploded, releasing toxic fumes.



Gen. Alexander Haig, retiring allied Commander in Europe.

U.S. Plans Alternatives To U-2 Use Over Turkey

By Richard Burr

WASHINGTON, June 29 (NYT) — The Carter administration, concerned that Turkey may not allow U-2 reconnaissance planes over its territory, is formulating an alternative plan for verifying the recently signed Strategic Arms Limitation Treaty with Moscow, government officials said today.

The plan calls for improvements in existing methods for monitoring Soviet missile tests, including upgrading of an electronic listening post in Norway and use of a satellite that now collects other information.

The officials said that specially designed U-2s flying over Turkey were the best substitute for the listening stations lost in Iran early this year. But they asserted that alternative improvements to other intelligence systems could permit ensuring that Moscow did not exceed restrictions on missile modernization contained in the SALT-2 treaty.

They added that by 1983 the United States would have a new satellite which could retrieve almost all the missile test data that were obtained by the sites in Iran.

Turkish Uncertainty

State Department officials pointed to a statement on Wednesday by the Turkish Foreign Ministry indicating that the U-2 might still be permitted to operate over the country. After a ranking Turkish Army officer had said earlier in the week that the flights could not be permitted "under present circumstances," a Foreign Ministry spokesman said that the government had not reached a final decision.

Meanwhile, officials said, planning was under way at the CIA and the Pentagon to collect the missile test data previously obtained by the Iranian stations by using a satellite, code-named "Polaris."

The satellite and the ground station in Norway could be changed to pick up some of the radio signals broadcast by Soviet missiles during flight tests, the officials said. The signals provide data on missile performance characteristics, and are thus considered to be vital to verification of SALT-2 provisions on modernization.

Officials said that the administration had considered the possibility of building an Iranian-type monitoring station in Pakistan, but that the idea was dropped after informal contacts with Pakistani authorities indicated that it would not be accepted.

A proposal to monitor missile test signals with high-altitude rock-

ets launched from ships in the Indian Ocean was dismissed as technically unfeasible, the officials said.

Critics of SALT-2 have maintained that with or without the surveillance flights, the United States could not verify respect of the treaty's restrictions on increasing the size and payload of missiles.

Congressional critics of the proposal to rely on the Norwegian antenna and satellites contend that these systems would be able to pick up only a small fraction of the missile data obtained previously at the Iranian sites. They say that a major function of the Iranian stations was to collect missile data broadcast during the first 60 seconds of a test launch, and that this data could not be collected from Norway or from existing systems in space.

Some critics contend that even if the administration were able to go ahead with U-2 flights over Turkey, the aircraft would be unable to carry all the equipment necessary to monitor fully the early phases of test launches. Without data on the first minute of test flights, critics say, the administration would not have reliable information on the size and weight of new Soviet missiles.

Secretary of Defense Harold Brown and other senior officials have acknowledged that for four or five years, the United States has been unable to acquire all the test data previously obtained in Iran. But Mr. Brown has said that not all this information is necessary to monitor the accord. Nor, he argued, does the United States need precise information on every Soviet test launch.

Pentagon officials have said that to build a new missile undersea, Moscow would have to shield about 20 test launches from U.S. probes to existing reconnaissance would make this impossible.

U.S. Poll Shows Newspapers Gain In Public Trust

WASHINGTON, June 29 (UPI) — The American people — in a change from their 1973 attitudes — have a good deal more faith in what they read in newspapers than what they see on television, a Gallup poll indicated yesterday.

The figures are contained in a survey of attitudes toward 10 U.S. institutions. The survey showed organized religion still inspires the most public confidence.

A scientific sample of public opinion by the Gallup organization showed 51 percent of the population have a "great deal" or "quite a lot" of faith in what they read in newspapers. The survey showed only 38 percent of those responding felt similarly about what they see on television news programs.

In the 1973 competition for public acceptance between the two media, a Gallup survey showed 39 percent had a high degree of faith in newspapers, while 37 percent felt that way about television.

Churches are rated highly by 65 percent, almost identical to the 66 percent rating religious institutions got in 1973. Banks were second with 60 percent, followed by the military with 54 percent and public schools with 53 percent. Neither Congress nor the Supreme Court rates highly — the court is thought of highly by 45 percent and Congress was given that rating by 34 percent.

Soviet Dissident Granted Pardon

MOSCOW, June 29 (AP) — Zviad Gamsakhurdia, the Georgian dissident who confessed on television to anti-Soviet agitation and was sentenced to a labor camp a year ago, has been pardoned and freed, Tass said today.

Tass said the pardon was granted by the president of the Supreme Soviet of a plea for clemency by Mr. Gamsakhurdia, who was serving a three-year term.

Mr. Gamsakhurdia, 39, a translator and literary critic, was Georgia's leading dissident until his sentencing on May 19, 1978. After his sentencing, Mr. Gamsakhurdia said on television, "I am guilty of systematically preparing and distributing literature containing slanderous inventions defaming the Soviet state and social system."

Califano Accused of Undermining Carter

By Jack Nelson

WASHINGTON, June 29 — At the White House, where some top presidential aides call him "a stick operator," Joseph Califano is being accused of undermining presidential policy and creating political problems for President Carter.

The accusations against the secretary of Health, Education and Welfare have become so serious that at least twice — once at Mr. Carter's invitation and once at the invitation of Vice President Walter Mondale — he has warned him against opposing the administration's bill to create a separate department of education.

Mr. Mondale's latest warning came last week as Mr. Califano was preparing to leave for a visit to China.

Mr. Califano, who is still in China and was unavailable for comment, reportedly denied lobbying against the legislation that would take the U.S. Office of Education out of Mr. Califano's HEW and make it a separate Cabinet-level department.

'Stick Operator'

However, he is known to be cool toward the bill. Moreover, the Los Angeles Times learned that he refused a White House request to testify in support of the legislation before the House Government Operations Committee.

"He's just a stick operator, but we know he's been doing what he could to kill the legislation for a separate department," a senior Carter aide from Georgia said.

Several administration officials, who declined to be quoted by name, said Mr. Califano called Mr. Mondale to his office about two months ago after two aides told the president they had information that Mr. Califano was working against the bill.

From all accounts Mr. Carter was furious. Because Mr. Mondale had recommended Mr. Califano to head HEW, it was considered appropriate for the vice president to relay Mr. Carter's displeasure to the secretary.

Telephone Warning

"He told the vice president to get Joe's ass over here and find out what was going on," one aide said. "And Joe was over here talking to Mondale within 30 minutes."

Just before Mr. Califano left on June 19 for a 3½-week China visit, Mr. Mondale called the secretary to warn him again that he had heard reports Mr. Califano was lobbying against the bill.

Mr. Califano replied that the reports were inaccurate, but he said he had assured the vice president that he would call several key congressional members and tell them he supported the bill.

Because creation of a separate Cabinet-level education department was one of Mr. Carter's major promises during the 1976 campaign, the administration's resistance to his own administration's proposal.

'Wide and Rampant'

But Mr. Califano's differences with some of Mr. Carter's most trusted advisers go far beyond that issue. A Carter adviser outside the administration called the White House discontent with Mr. Califano "wide and rampant." And a top administration official said, "Joe is just not a team player, he follows his own agenda."

Mr. Califano's independent way of operating HEW, the government's largest civilian bureaucracy (150,000 employees and a fiscal 1979 budget of more than \$181 billion) has caused the most dissatisfaction.

Two of the latest examples involve HEW actions that White House officials say could cause serious political problems for the president.

One was HEW's refusal to abide by an amendment to its 1978 appropriations act, which called for the department to cut its spending by \$1 billion by reducing that much fraud, abuse and waste in its programs. The other involved new regulations for black-lung benefits, which boosted the HEW budget by \$300 million.

Millions Untouched

In its campaign against fraud, HEW cut only \$169 million by weeding out illegals in its student loan program. That left \$831 million untouched and set off charges on Capitol Hill, by Democrats as well as Republicans, that HEW never intended to carry out the cut.

Both the General Accounting Office and the Department of Justice ruled that the amendment requiring the reduction in spending should be enforced, and HEW has notified state governments that by July 1 it will reduce welfare payments by \$831 million. The largest

reductions would be in New York, \$117.2 million; California, \$80 million; and Illinois, \$76.7.

In response, 21 states are suing the department in an attempt to block the planned cut.

Attorneys for the states filed suit in U.S. District Court yesterday shortly after HEW Under Secretary Hale Champion announced what amounts to a 30 percent cut in the \$4.3 billion that the 50 states are due to receive for the July 1-Sept. 30 period.

In their suit, the states argued that the cutback does not comply with the appropriations act amendment because the department is reducing appropriations without achieving reductions in waste, fraud and abuse.

They added that the reductions penalize states for all payment errors even though a court decision has held "that it is not possible or cost-effective to manage programs so that there are no errors."

Sen. Roger Jepsen, R-Iowa, charged that HEW had ignored the amendment and now was telling

the states that they had to put up funds. "I would call it a ludicrous and disdainful attempt to sandbag and blackmail the Congress of the United States and the innocent and needy recipients of Aid to Dependent Children and Medicaid in this country," he said.

The Office of Management and Budget is now studying whether HEW can legally dip into next year's funds to forgo the \$831 million in cuts. A Senate measure passed this week directed that this course of action be followed. The House has yet to pass on it.

Some White House officials complain that Mr. Carter already has been damaged politically by Mr. Califano's failure to take the amendment seriously. "Califano just has had a very nonchalant attitude about the whole thing," a Carter adviser said.

In the case involving black-lung benefits, Carter aides criticized Mr. Califano for failing to consult with either OMB or the White House before adopting new rules that liberalized the program and resulted in a \$300 million budget increase.

Carter Wins House Vote on Rhodesia

By Mary Russell

WASHINGTON, June 29 (UPI) — The House voted yesterday to lift President Carter determine when to lift economic sanctions against Zimbabwe Rhodesia.

By a vote of 350-37, the House adopted what was labeled a "compromise" position between those who wanted to lift sanctions immediately and those who wanted no action taken at all.

The bill worked out in the House Foreign Affairs Committee would lift sanctions by Oct. 15, unless the president determines it is not in the national interest to do so.

Passage of the bill was a clear victory for the White House and gives the administration a chance to soften the Senate position by negotiating new language during a House-Senate conference. The Senate recently voted, 52-41, in favor of requiring that the president lift sanctions immediately. If similar action had been taken by the House, Mr. Carter would have almost certainly vetoed the legislation.

Last Major Task

Action on the controversial foreign policy issue was the last major task the House was expected to undertake before adjourning today for a recess of 10 days over the Fourth of July.

The House defeated, 242-147, efforts by conservatives to adopt an amendment that would force the president to lift sanctions by Dec. 1, unless Congress passed legislation continuing the sanctions.

They argued sanctions should be lifted by that date because a black majority government was elected in Zimbabwe Rhodesia.

According to the House conservatives, the government of Prime Minister Bishop Abel Muzorewa needs the encouragement of lifting sanctions to make further progress towards democracy and to help his people.

"Either this country believes in the ballot box or it doesn't," Rep. Henry Hyde, R-Ill., said.

"The need food, they need trade. They don't need words on paper," Rep. Robert Bauman, R-Md., said. "If the Muzorewa government falls, we will have another black African nation under Marxist control," he added.

But Rep. Stephen Solarz, D-N.Y., argued there was no need for this country to be the first to lift sanctions and take the lead when the British, the former colonial power in Rhodesia, had not yet decided to do so. Rep. Solarz said lifted.

Judge Reinstates U.S. Professor

LITTLE ROCK, Ark., June 29 (UPI) — A federal judge yesterday ordered the University of Arkansas at Little Rock to reinstate a history professor who was fired five years ago for declaring his communist leanings in the classroom.

Federal Judge Gerald Heaney of Duluth, Minn., specially assigned to the controversial case, also ordered the university to give Dr. Gerald Cooper back pay to compensate for the "unemployment and underemployment" he has suffered since his departure from the school in mid-1974. Dr. Cooper now is a teacher in the Houston public schools.

Sanctions would remove pressure on the Patriotic Front and the Salisbury government to end the war, and eliminate the need for further



Joseph Califano

"These things are symptomatic of the attitude in HEW," a Cabinet-level administration official said. "Management of programs is not given the attention it deserves. Joe had better come home from China and put as much emphasis on these programs as he does on his public affairs program."

Los Angeles Times

U.S. Decides to Foreclose On Black-Run Soul City

By A.O. Sulzberger Jr.

WASHINGTON, June 29 (NYT) — The 10-year-old dream called Soul City, a new town in rural North Carolina planned to have been controlled by blacks but open for all, evaporated today when the Department of Housing and Urban Development decided to foreclose on the financially troubled project.

Since 1969, when Floyd McKissick, a black civil rights activist, announced his idea for the city, the federal government has sunk more than \$19 million into Soul City, with another \$8 million coming from state and local sources.

"This has been very difficult, the man put his life into it," said William White, general manager of HUD's New Community Development corporation, which made the decision to take over and liquidate the project.

Mr. McKissick was not available for comment.

"We're hoping to work out with McKissick a friendly foreclosure," Mr. White said. "I don't know how he will react."

Should Mr. McKissick fight the action, it could take as long as three years before the property changes hands.

Soul City is the eighth "new town" project that has been ended. Five others in Texas, Arkansas, South Carolina, Georgia, and Maryland are still in operation.

High Expectations

The story of Soul City is one of high expectations fueled by large amounts of public money and ending five years after the first grant was awarded, with only a fraction of those original plans realized.

In 1974, when the development plan for Soul City was approved, blueprints called for a community

of 1,824 people and 930 industrial jobs by the end of 1978. The city was to grow in 30 years to support 46,000 people.

But today, only 135 persons — all but about 30 of them black — live in the town, half in mobile homes. The huge modern office building has only one tenant, a company making duffel bags for the United States Army.

"We just don't consider the project economically viable," explained Mr. White. "It's not a question of mismanagement. The area itself just didn't work out. There was not enough of a market to draw from."

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As U.S. Recession Approaches

Perhaps a recession has already begun in the United States. Certainly it's time to start thinking about strategy to meet it. The probability of trouble ahead has been greatly increased by the rise in oil prices. As the last recession demonstrated more than adequately, a sudden rise in the price of imported oil has the same effect as a tax increase. It takes away the money that would be spent on other things and operates like a brake on the national economy. This braking effect is currently being compounded by the silent but steady increase in income taxes imposed by inflation, as cost-of-living raises move people into successively higher tax brackets.

The conventional response is, of course, to cut taxes. That's what Sen. Lloyd Bentsen, D-Texas, and Rep. Clarence Brown, R-Ohio, the chairman and ranking Republican on the Joint Economic Committee, recommended this week. But for the first time since the Eisenhower years, the conventional response is running into substantial opposition both in the White House and in Congress where, as recently as last month's votes on the budget resolution, the prevailing opinion favors moving steadily toward balancing the budget in 1981. The crucial decisions are likely to be taken in Congress later this summer.

Throughout the Carter administration the general outlines of fiscal policy have usually been formed by Congress, and its next vote on the budget will be in mid-September,

when it takes up the final resolution on fiscal 1980. A tax cut next year would make it impossible to balance the budget before the election. But a refusal to cut taxes does not guarantee a balanced budget. Far otherwise, in fact — for in a recession the tax receipts fall, the spending on welfare and unemployment compensation rises, and the deficit widens automatically.

The tax cut leads, inevitably, to the larger question of inflation. The increase in foreign oil prices, since the end of last year, will cost Americans collectively about \$20 billion a year. That is a real loss of purchasing power. How is that loss going to be distributed? Americans have become very adept at passing this kind of cost on to each other, around and around through the society. The current rate of inflation is largely composed of the costs that all of us living in the United States have so far avoided paying in any real sense.

To cut taxes now would mean that the government was expanding its deficit to pay the increase in the oil bill, and postpone once again the painful process of coming to terms with it. The case for a tax cut will become self-evident only if the recession appears to loom before the country as intolerably severe and prolonged. The signs are not yet clear. But it is a judgment that Congress will have to make no later than the end of the summer.

THE WASHINGTON POST.

Mideast Dogfight

The Mideast's first aerial dogfight in five years, between Israeli and Syrian warplanes over Lebanon, is disturbing on several grounds. It underlines the continuing volatility of the region, notwithstanding the Israeli-Egyptian peace treaty. It confirms the difficulty of seeing that recipients honor the terms on which the United States provides them arms. In this instance, Israel, which is never slow to warn that Washington cannot police the use of planes it sells Arabs, has been forced into testy denials that it violated strictures against use of its new U.S.-made F-15s for anything other than "legitimate self-defense." Then, the incident is bound to kindle charges, extremely embarrassing to Egypt, that by its peace with Israel it released and emboldened Israel to attack other Arabs.

Every argument is circular in the Mideast, including the arguments over this dogfight, and they all start with the 30-year Israeli-Palestinian war. This is the real Mideast dogfight. Why were Israel's planes flying over

Lebanon in the first place? To strike at the Palestinians, who strike at Israel from bases in Lebanon. Since Israel and Egypt made peace, the Palestinians have stepped up the pace of their terror and the Israelis have stepped up their response, to the point of replacing tit-for-tat retaliation by continuous preemptive "planned activity" against Palestinian installations. This time, for some reason, the usually discreet Syrian Air Force rose to meet the attacking Israeli planes. Other Israeli planes, flying "cover," shot up the Syrians.

Aside from what it does to Damascus, the incident plays directly into the hands of those Israelis and those Palestinians who believe, or prefer to believe, that their differences can be settled only by military means. It is precisely the point of the negotiations on Palestinian autonomy, into which the United States is now anxiously trying to breathe life, to provide a political alternative.

THE WASHINGTON POST.



Keeping Nuclear Head Down

By Paul Sieghart

LONDON — How stands the great nuclear debate today, after Harrisburg and Iran?

For the prophets of the anti-nuclear faith, Western chronology is no longer to be reckoned as B.C. and A.D. Instead, there is B.H. and A.H. H standing for Harrisburg. For those of the pro-nuclear faith, history may yet come to be divided between B.I. and A.I., the I standing for Iran.

Each faction claims one of these spectacular events as a Godsend for its cause, and a disaster for the opposition. The neutral onlooker's confidence in the safety of nuclear power is shaken, while he lines up at U.S. filling stations waiting for second thought.

Emotional Debate

What has always troubled the group is the polarized and emotional nature of the nuclear debate. That is hardly surprising, for the group is composed neither of nuclear engineers nor of radical environmentalists, but of established and respectable scholars, scientists, lawyers and men of affairs, under the chairmanship of Sadruddin Aga Khan, until recently the UN High Commissioner for Refugees.

Almost alone among the warring protagonists, the group stands for reason, moderation, honesty, and informed public participation in a debate that sounds to them more and more like a strident dialogue of the deaf. With that aim, they organized — just before Harrisburg and Iran — a three-day colloquium in Geneva. They invited distinguished speakers, and participants of all shades of opinion on nuclear matters. Lord Flowers, ex-chairman of the British Royal Commission on Environmental Pollution and a member of the U.K. Atomic Energy Authority, gave the keynote speech.

The nuclear critics were there in force, determined to test what Lord Flowers called "the orthodox case for nuclear power" — namely that it could offer us a substitute for the dwindling oil which we are still burning with such abandon.

Up the Chimney

But how could it do that, asked Amory Lovins, of the United States? Most of the oil we use powers cars, airplanes, trains and ships, and heats houses, offices and factories. Nuclear reactors necessarily come very big: You can't carry them about in cars, or put them in homes or boiler-houses. All they can do is generate electricity in massive and very expensive power stations. There is no practical way of powering cars by electricity — let alone airplanes. And using electricity for heating is sheer lunacy in energy terms: at least two-thirds of the precious energy must go up the power station's chimney, or into its cooling water, before the rest can get turned into electricity. That, calculated Lovins, is the equivalent of running your central heating on oil costing well over \$100 a barrel. Besides, he argued (with copious figures), we have neither the capital nor the other resources to commission nuclear power stations at a rate which could even remotely substitute for all the oil we use, before it dries up.

Gerald Leach, from Britain, took Lovins' case one step further. He led a team that wrote a recent

book, full of detailed figures. This argued that a much better strategy lay in using energy far more efficiently, by matching specific supply to specific demand (e.g. electricity for lights and TVs, not for heaters), and by wasting far less than we do (e.g. insulating our buildings better).

Conservation

On his team's calculations, Britain could, by 2025, be burning less primary fuel than it does today — with economic growth, without any reduction in standards of living, and without any changes in lifestyle. Conservation, they argue, can soon.

All very comforting — but now comes the problem. We need to know, and pretty quickly, whether these critics are right. In all fairness, we turn to the nuclear industry. Do they have an answer?

They were invited to the colloquium, but few of them came and even fewer spoke. That may prove to have been unwise. Even before Harrisburg and Iran, the industry had been keeping its head down. Its public relations machine, of course, grinds on, selling the conveniences of the all-electric house, office and factory, and painting scary pictures of an oil-less future. But scaring the public is not a respectable (or even convincing) way of making a good case — whether it is done by industry (over Iran) or by its opponents (over Harrisburg). What is needed now is a factual and objective rebuttal of the important questions that people like Lovins and Leach have reached. So far, nothing like that has been presented.

Trouble

That, says the Groupe de Bellevue, could lead to a lot of trouble. The nuclear debate has divided nations like few issues before it in this century. The nuclear industry is a big business, and in most countries it stands very close to government. If those governments go on supporting it while serious criticisms of its "orthodox case" go unanswered, the public might actually come to believe that it does not have government by and for the people, but government by and for the failed military-industrial complex.

The Groupe de Bellevue goes on: "Such a pervasive loss of public faith in the institutions of democratic government would be a recipe for potential disaster. . . . No free society can be governed without both trust and consent. Once trust evaporates, government can only be carried on by increasing coercion, and at the end of that road lies the graveyard of once free societies."

Keeping your head down may seem like a good defensive tactic when you are being shot at, especially if you know you have the big battalions on your side. But is it re-

ally the best strategy for the nuclear industry, after Harrisburg and Iran?

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Paul Sieghart, a member of the Groupe de Bellevue and a London attorney, is chairman of the Executive Committee of Justice, the British section of the International Commission of Jurists. Mr. Sieghart wrote this article for the International Herald Tribune.

London in the Summer

By James Reston

London these days is a little different, feeling that everything looks the same but is somehow quite different.

It still gives the appearance of an imperial capital and of restrained elegance. Its shops are glittering with old gold and silver and the latest fashions, offered on sale but still at staggering prices, before the new taxes go on next month.

Its big red double-decker buses make their appointed rounds with remarkable efficiency, presided over by the new British immigrants from the lost empire in Asia, Africa and the Caribbean.

The Foreign Office, alongside the prime minister's residence at No. 10 Downing St., still has a spacious external grandeur; but inside it seems neglected and almost shabby.

This is a puzzling country these days, now in transition from the Liberties to the Conservatives. According to the latest government figures, its unemployment rose by 15,583 last month to a total of 1,344,265 — a substantial fact in this island. But at the same time, the new Thatcher government reported that there were more than 800,000 unfilled jobs available.

On the stage of British life, there is a different picture. This country may still have the most inventive

and creative theater in the world, of Nobel Prizes won by playwrights, it still plays an important role in the advancement of modern thought and technology.

In the world of sport, it no longer produces the stars but provides for them a magnificent stage and an atmosphere of subdued pageantry. This is Wimbledon fortnight here and it is not just another tennis championship.

Garden Party

It is a garden party, with strawberries as big as plums and cream as thick as cement. They needed more money and room for spectators at Wimbledon, but they didn't abandon the old place, as we did at Forest Hills. They merely jacked up the Wimbledon roof over the center court and put in more seats without disturbing the ivy and planted more geraniums to cover up the scars.

Of course, they still had 30,000 disappointed customers outside the Wimbledon gates Wednesday, but they were not apologetic. "It's very awkward, isn't it," they said, "but after all too many are too much."

They are changing in Britain, in their own way and after their own fashion. In this male-dominated and socially permissive island, they now have a woman for prime minister — Margaret Thatcher, "Mrs. T." or as her more frivolous supporters call her, "just plain Maggie" — very intelligent, severe, puritanical, dogmatic, and slightly schoolmarmish.

But even so, a visitor here feels that something is missing in London. It is not the loss of empire, which was clearly an inconvenience, but in some ways a relief.

It is not even the loss of Churchillian eloquence and wit and the decline of public speech in general — though this is an obvious deprivation. It is the loss of a public dialogue here on the amiable human things of British life, which used to appear daily in The Times newspaper.

This is an island of readers and

letter-writers, and people mourn the loss of any newspaper "clubby" — would lose a few of their advantages. But The Times which has been out of circulation now for seven months, was something more than a newspaper.

It was a family circular letter. What it told its readers was not important as what its readers told and one another. It cared about birth and death. You could read a birth column every day and whether the boys or the girls were ahead.

People died gracefully in The Times and at length, but death seemed so important in the obituary of the House of Commons, have worked for weeks on some long speech on how to solve all the problems of this island kingdom — I failed to get the eye of the seal — sent their wisdom to The Times.

And readers of The Times, interested in the natural than in synthetic political world, had places to share their thoughts.

"Dear Sir: Has anybody noticed that thrushes come or later at the tune of the first subject, Mozart's G minor symphony (40th), and what's more, phrase right better than most conducted?"

"Sir: (wrote one David Hunt) My attention is becoming increasingly drawn to the scarring of gentle English countryside by naturalization of garish and less rhododendrons. I should be pleased if others, similarly persuaded, would help me to found a society dedicated to their destruction."

Britain is denied such lightened nonsense with the disappearance of The Times, and is also denied the daily challenge of The Times crossword puzzle — which was potent in an age when everybody else seems true but the facts are not.

It is undoubtedly true, as mother used to say in this island that you can get used to anything but hanging. Even the loss of empire. But the loss of The Times makes all the difference. London seems amputated without it.

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In the International Edition

Seventy-Five Years Ago
June 30, 1904

BERLIN — The German gunboat Panther, which is now at Newport News, Va., has received telegraphic orders to proceed immediately to Port-au-Prince, Haiti. The Daily Express says that stones were recently thrown at the German and French legations at Port-au-Prince, and the Panther is being sent to wipe out the insult. On a previous occasion the Panther had the distinction of sinking a Haitian gunboat, upon which the Kaiser cabled out "Bravo, Panther!" Last January, the Panther shelled the fort of San Carlos during the Venezuelan trouble, but had to retire in a damaged condition.

Fifty Years Ago
June 30, 1929

KEYSTONE, S.D. — Extensive work is proceeding on a scheme to carve out enormous figures from U.S. history on the face of Rushmore Mountain. When carving began two years ago, President Coolidge explained the importance of Washington, Jefferson and Lincoln, and added: "That the principles for which these three men stood might be still more firmly established, destiny raised up Theodore Roosevelt." There is no place for tenderfeet on the site, as the men working under sculptor Gutzon Borglum are held in place by ropes and pulleys, and to lose footing would be disastrous.

Inspection Envisaged

Nuclear Bomb Renounced
By Pakistan, Envoy Says

NEW DELHI, June 29 (NYT) — Pakistan has renounced any intention of building a nuclear bomb, and lacks the technical capacity to make a nuclear explosion in any case, Pakistani Ambassador Abdul Sattar said here today.

Mr. Sattar was responding to speculation in the United States and elsewhere that Pakistan planned an "Islamic bomb," reportedly financed by Libya and other Arab governments.

Earlier this week, Indian Prime Minister Morarji Desai said that his government had accepted an assurance from President Mohammed Zia ul-Haq that Pakistan had no intention of building a nuclear weapon.

Mr. Desai, who has stated repeatedly that India is determined not to follow up its explosion of a nuclear bomb in 1974, told a news conference that his understanding with Gen. Zia made it unnecessary for the two countries to conclude an agreement of joint renunciation of nuclear weapons, as suggested by the Pakistani leader.

After discovery of Pakistani purchases in Europe of material that could be used to build a centrifuge reactor capable of producing the enriched uranium needed for a nuclear weapon, the United States cut off most economic and military aid to Pakistan early this year. The ambassador said that Pakistan was renouncing the loss of assistance amounting to about \$42 million for the current fiscal year.

Mr. Sattar called Washington's demand for international inspection of Pakistan's nuclear laboratories "unjust and inadmissible."

But he said that Islamabad, while objecting to being "singled out for imposition of a veto on its nuclear program," would accept "any universal or regional, reciprocal and nondiscriminating inspection and control" of nuclear operations.

Pravda Warns on Nuclear Arms

MOSCOW, June 29 (AP) — The Soviet Communist Party newspaper Pravda said today that Pakistan was pursuing a "dangerous" course in working to develop nuclear weapons.

Pravda said that during the recent U.S.-Soviet summit conference in Vienna it was stressed that proliferation of nuclear weapons was a serious threat to international security. "This warning applies fully to the dangerous ambitions of certain circles in Pakistan," the paper said.

Russians Asked
To Save Energy

MOSCOW, June 29 (Reuters) — Soviet bloc ministers completed joint plans to ensure adequate energy supplies yesterday while Pravda appealed to Soviet citizens to save fuel next winter.

Pravda said that party and trade union organizations and other official bodies would conduct checks on fuel economy measures in factories and housing blocks and alert millions of people to the need to conserve resources.

Meanwhile, Soviet Premier Alexei Kosygin told the three-day annual Comecon meeting which ended yesterday, that the Socialist bloc had escaped the heavy blows dealt to the capitalist economy by the world energy crisis.



Rightists supporting Ayatollah Ruhollah Khomeini march onto the campus of Tehran University Friday in an attempt to disrupt a demonstration by leftist opponents of his Islamic regime.

Thousands March in Tehran

Iran Left Counters Rebel Show of Force

TEHRAN, June 29 (UPI) — Tens of thousands of leftists demonstrated at Tehran University today, countering a parade yesterday by armed rightist revolutionaries who support Ayatollah Ruhollah Khomeini.

The leftists came unarmed to the rally, which was to mark ceremonies for members of the Fedayan Khaliq organization who were reported to have been killed during the regime of the Shah Mohammed Reza Pahlavi.

Today's rally came a day after a major demonstration by the revolutionaries loyal to Ayatollah Khomeini. The parading rightists carried automatic weapons.

Political experts said that the leftist rally was designed to highlight the Fedayan's anti-shah contributions and thereby attract popular support, amid government attempts to contain the group.

Government and revolutionary leaders have scheduled talks tomorrow in Qom to try to resolve their longstanding dispute over who is actually running Iran.

Clergy sources said that the Cabinet of Premier Mehdi Bazargan will meet with members of the secret revolutionary council, which is headed by Ayatollah Khomeini, to sort out administrative chaos created by the revolutionary committees. The committees have challenged

government authority in Tehran and the provinces, resulting in clashes between rival groups of gunmen and causing public bitterness, the sources said.

It is the first time a joint session of the Cabinet and revolutionary council has been reported to have been planned, although members of both are known to be in close contact.

Revolutionary guards marched yesterday to mark a national holiday but also to show their strength in the face of government attempts to reduce their power.

Iranian jurists and intellectuals, meanwhile, issued a strong appeal for democracy after two weeks of discussions on Iran's proposed constitution.

Resolutions passed by the jurists said that Iran's new constitution must ensure the rule of the people in the fullest sense.

"The president must not be endowed with all-embracing power and his powers must be clearly stated," they said.

Ruins Found in Iraq

BAGHDAD, June 29 (UPI) — Archaeologists have discovered the ruins of a 3,000-year-old city about 14 miles northwest of Hadrut in western Iraq, the Iraqi news agency said.

Gen. de Guingand, Montgomery's Aide

LONDON, June 29 (AP) — Maj. Gen. Sir Francis de Guingand, 79, former chief of staff to Montgomery who acted as peacemaker between the field marshal and Eisenhower in World War II, died today at his home in Cannes.

The cause of death was not reported.

"The glamour of public renown has not fallen on de Guingand... yet he was a generous contributor to victory," wrote the late Lord Leslie Horne-Belisha, Britain's wartime secretary of state for war. "His cool, practical and judicious brain and his diplomatic skill in smoothing over human difficulties were the supplement to Montgomery's genius."

Gen. de Guingand served Montgomery from the Battle of El Alamein in North Africa in 1942 until after the end of the war in Europe, when a change of mind by Montgomery impelled his junior to retire from the army in 1946.

In his memoirs, "Beneath the Bowler Hat," Gen. de Guingand wrote that when Montgomery was made chief of the imperial staff, then appointed him as vice chief, then revoked the decision, saying the appointment "wouldn't do me any good."

Nevertheless, Gen. de Guingand as a civilian remained loyal to his old chief, and at the age of 76 was a pallbearer at Montgomery's funeral.

On his return to civilian life, Gen. de Guingand moved to Rhodes to become a farmer. But within a few months he put this idea aside and joined the board of the Alpha Cement Company in Johannesburg, and thus set out on a new career as an industrialist.

He was director and international director of the Rothmans tobacco group, and had previously been chairman of the Carreras tobacco company.

South African Story

With other prominent figures, he was associated with the South African Foundation, formed in Johannesburg "to present the positive South African story to the world."

His army career began after the navy turned him down because he was color blind just after World War I. He became an officer in the West Yorkshire Regiment in 1919.

He rose to become one of the most brilliant staff officers in the British Army, and although only a major when World War II broke out in 1939, he forged ahead with appointments that included joint planner at General Headquarters, Middle East, director of intelli-

Obituaries

Gen. de Guingand, Montgomery's Aide

gence, Middle East, chief of staff of the British 8th Army, and chief of staff of the 21st Army Group.

Other generals described Gen. de Guingand in their memoirs as an amusing and man who loved wine, whose caravan headquarters was an oasis of conviviality in Montgomery's otherwise austere, tactical and nonsmoking entourage.

Stuart Schulberg

NEW YORK, June 29 (UPI) — Stuart Schulberg, 56, former producer of the "Today" show and winner of four Emmy Awards, died at Beth Israel Hospital here yesterday.

The cause of death was not announced. Mr. Schulberg was the son of the late Hollywood producer, B.P. Schulberg, and the brother of novelist Budd Schulberg, author of "What Makes Sammy Run."

Paul Dessau, 84, Dies; Composed Music For Brecht, East Germany

BERLIN, June 29 (AP) — Composer Paul Dessau, 84, who worked in the United States with dramatist Bertolt Brecht during World War II, died late yesterday, the East German news agency said.

Mr. Dessau, whose compositions include the music for Brecht's "The Caucasian Chalk Circle," was born in Hamburg. He emigrated to the United States in 1939.

In 1948 he returned and settled in East Germany, where he was a member of the Communist Party and received numerous state awards. From 1959 to 1962 he was vice president of the East Berlin Academy of the Arts, of which he

He produced the "Today" show for eight years before being named executive producer of NBC news documentaries in 1976.

During the eight years he produced the "Today" show, it received two Emmy awards. Mr. Schulberg broadened the scope of the program, adding satellite reports from abroad and interviews with political leaders in Washington.

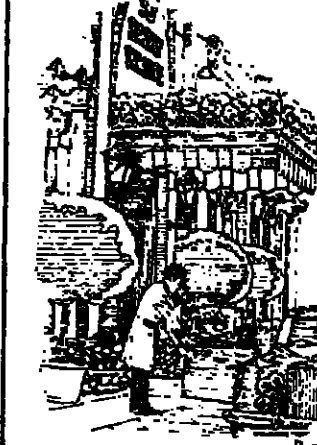
Mr. Schulberg joined NBC as a co-producer in 1961 after working as a sports writer for the now defunct Daily News in Washington, D.C., and as chief of the film section of the Economic Cooperation Administration, which administered the Marshall Plan in Europe.

Mr. Schulberg was born in Los Angeles. He attended the University of Chicago, Ecole International in Geneva and King Alfred School in London.

Paul Dessau, 84, Dies; Composed Music For Brecht, East Germany

remained a member until his death. Mr. Dessau ranked among the leading German composers of moderate modern music since the 1930s. His work included film soundtracks, operas, symphonies and chamber music as well as Communist propaganda songs for East Germany.

Frances Welsh Wright
DEL MAR, Calif., June 29 (AP) — Frances Welsh Wright, 81, the widow of architect John Lloyd Wright and daughter-in-law of architect Frank Lloyd Wright, died Tuesday.



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2. Individual must have minimum experience of 6 years in supervising and directing the functions listed in I. above.

3. Individual must be fluent in English and German languages.

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Editors Accuse Unesco of Seeking to Control Reporting

By Mort Rosenblum

ATHENS (IHT) — In blunt and emotional terms, newspaper editors from 42 nations last week sought to block what many called a deliberate plan by Unesco to control international reporting which would deprive free societies of reliable news from much of the world.

News executives from both industrialized and developing countries urged that the U.N. Educational, Scientific and Cultural Organization be stopped before it is too late.

The forum was the International Press Institute's 28th assembly, opened in the marble remains of the Herod Atticus theater, where freedom of expression has been a favorite subject off and on for 25 centuries.

A keynote speech by Unesco Deputy Director-General Federico Mayor set the tone. He reiterated Unesco's position that a handful of Western news organizations are imposing information on helpless recipients in the Third World. And he said:

"By ending the one-way flow of information diffused by a minority, and by making each receiving station into a potential transmitter, it challenges a certain monopoly, in regard to knowledge and, hence, the power conferred by that monopoly."

The speech brought sharp reaction, even though he had strategically deleted several passages from the original text, including one that

suggested that Unesco should "oversee" this two-way flow of information.

The most dramatic response came from Gerald Long, managing director of Reuters news agency, who has rarely spoken up on the issue in the past. His statement was delivered coolly, but it was thick with emotion:

"The aspirations of those countries that feel they are badly reported, too little reported, that they have too little possibility of being known to the rest of the world... are entirely legitimate, many of the complaints that are made are well-founded, and it is the duty of all of us to help fulfill these aspirations. That I would accept and affirm entirely."

"But it must be recognized that an international flow of information is only achieved by those countries which have a very well-developed internal flow. In other words, you cannot have repression at home and enlightenment abroad."

"I think that countries that aspire to have a good external flow of information should learn that lesson. Unesco does not seem to me to learn it, nor to understand the nature of the situation at all, and worse than that, Unesco is falsifying the whole context of this debate by seeing the situation entirely in terms of power."

"This idea of direction, of manipulation of information by the major international news

'You Cannot Have Repression At Home, Enlightenment Abroad'

organizations, is created by Unesco for Unesco's purposes."

The issue has been debated for years, but there is new urgency. A 16-man commission headed by Sean MacBride, a former Irish foreign minister and statesman, is preparing a report on the whole subject for Unesco's 1980 general conference. MacBride, who attended the meeting here, is insisting on a measure to protect journalists who adhere to "a code of conduct" including morals and social awareness. He has prescribed national and possibly regional councils — with the eventual goal of an international body — which would determine who fits the standards.

Even if he is outvoted in the commission, he said, he would make the proposal in a minority report. And under Unesco procedures, even minority positions may be adopted by governments as accepted international guidelines.

Long, in his statement, rejected MacBride's disclaimer that he was simply preparing a report at the request of Unesco and was not part of the organization. He put it:

"Mr. MacBride seems to me to be a true servant of Unesco in that in everything I have

seen from him there is always a desire to regulate. I am afraid that in the matter of the protection of journalists I see under the hem of the cassock of protection the cloven hoof of regimentation. As soon as journalists are given a special status they become subject to regulation."

Interviewed after the debate ended, MacBride said he was unworried. "After all," he said, "that is the Anglo-American position which is not the majority. Press freedom is a luxury which not everyone can afford."

But Unesco's — and MacBride's — views were assailed by respected newspapermen from a range of Third World countries.

Cushrow Irani of the Statesman in Calcutta pointed out that MacBride's proposal is, in effect, asking protection from the same government from which journalists might need protection. Like others, he noted that a card guaranteeing protection is seldom much use to a reporter in trouble.

Almost as he spoke, there was a tragic example of that point in Nicaragua. A national guardsmen fired a bullet into the head of a U.S. television correspondent who had

stopped at a roadblock. The victim clutched in his hand a presidential press card.

Hilary Ngweni, a Kenyan journalist, argued that it was unrealistic to expect a state-controlled press to have any significant freedom. In practice, he said, it has not happened.

The meeting was especially heated because the issue goes beyond press freedom in any individual country. If a government controls its national press, that is bad enough, delegates said. But when governments — or supranational bodies — affect the work of international reporters, they are limiting other peoples' access to information.

After MacBride remarked that democracies were poisoning themselves, Conor Cruise O'Brien, a countryman and former colleague of MacBride's who now edits the Observer in London, asked:

"Should dictatorships have a role in protecting democracies from their own corruption? If not, how can an organization in which they are a majority have such a role?"

Some delegates were distressed that Unesco seemed to have come such a long way from its original aims. Although it was still performing original works — such as helping to save the Parvati works — which are helping to save the Parvati works, it was evolving into complex political machinery.

The discussion was a significant change from earlier debate on the issue. Before, the more moderate professional newspapermen

blamed the problems of imbalance on some ingenious mutual lack of understanding. Now, even the soft-liners tend to see the split as fundamentally political and quite possibly irreconcilable.

IPI President Ronald Macdonald of the Age, Melbourne, summed it up plainly: "The message should be loud and clear. The aims of preserving local cultures and of attacking the immense problems of poverty, disease and illiteracy and of righting the imbalance of news flow are all justifiable. But they cannot be used to justify, and we are not prepared to accept, formalized codes of ethics or behavior, the imposition of a World Press Institute, the acceptance of a system of international right of reply or the licensing of journalists."

"In short, we have every reason to suspect the motives of governments which have shown their determination to limit the free flow of news and information — even if the aims articulated seem impeccable."

It is fortunate that Mr. Mayor's speech alerted us to that fact that overall very little has changed and that there is little cause for optimism. Having been alerted we may, in future, waste less of our energies in trying to move an immovable object and apply them to solving the problems of modern communications in our own way and with our own tools of professionalism and concern for the public we serve."

Solving the Mystery of the Rising Price... of the Fuel That Doesn't Exist

By Spencer Rich

WASHINGTON (WP) — In December, 1972, the prestigious National Petroleum Council reported that if it became necessary to make synthetic oil from the U.S. shale reserves, the selling price would be about \$39.29 a barrel, including shipping costs. If the synthetic crude oil were made from coal, the NPC estimated, the cost would be \$7.75 to \$8.25 a barrel.

The price of imported crude oil at that time was less than \$3.50 a barrel.

Today, as a result of price-setting by the Organization of Petroleum Exporting Countries, crude is selling for \$16 to \$18 a barrel — and increases of \$3 to \$4 a barrel are expected to be forthcoming. Spot prices have hit \$30 a barrel. Even allowing for inflation since 1972, the NPC estimates for synthetic crude do not match the current import price.

"You would think that as the market price of natural petroleum went up," said one Canadian expert, "the price of synthetics would become attractive" and U.S. companies would begin producing synthetic crude.

It hasn't happened that way. Instead, "Every time the OPEC price goes up," said Harvard economist Hendrick Houthakker, a member of the Council of Economic Advisers during the Nixon administration, "the price of synthetics goes up with it."

Repeated Raises

ducing synthetic crude... large scale. No matter how high the OPEC price, the projected costs of shale oil and liquid crude from coal have always managed to jump a few dollars higher.

Today, industry is talking \$20 to \$35 a barrel for syn crude, a price increase of 250 to 400 percent, compared to a cost of living increase of about 80 percent since 1970. Oil companies say it is still more profitable to look for conventional oil than to produce synthetic crude and that new technical and environmental problems on synthetics are being discovered all the time.

As a result, there still isn't a single major synthetic crude plant in the United States and none is under construction. And the oil industry has spent paltry amounts on research and development in synthetics.

But that will not last for long if the U.S. Congress has its way. This week the House of Representatives voted overwhelmingly to fund a multimillion dollar effort to get synthetic fuel production going in the United States. The bill, passed by a vote of 368 to 25 and now on its way for Senate consideration, aims for production of 500,000 barrels a day of synthetic fuel by 1984 and two million barrels a day by 1990.

The bill, a combination of government loans, loan guarantees and price subsidies to private companies, demonstrates that "we are going to declare our energy independence," according to House Majority Leader Jim Wright, D-Texas.

Synthetic production doesn't require extremely exotic techniques: Extraction of oil from shale by heating the maristone rock to about 900 degrees has been accomplished in the United States and in other countries. During World War II, Germany produced 100,000 barrels a day of airplane gasoline made from coal — a technique copied by South Africa's SASOL I plant, which is now being enlarged.

The remarkable climb in the projected cost of synthetics since 1972 raises questions: Have estimates deliberately been inflated by industry (and as a result by U.S. agencies depending on the industry for information) because it doesn't want to invest in costly conversion plants when there is plenty of profitable liquid oil in the world? Do they fear that the relatively cheap production of syn crude would force a ceiling on the price of imported and domestic conventional crude?

A synthetics expert at the House Commerce Committee suspects this may be the case. The leap in the estimated synthetics price, the expert said, could reflect the fact that "the industry is not particularly interested in bringing it on" because "they've got plenty of" existing, conventional sources "and they're making plenty of money... I think as the OPEC price went up, they continued to up their synthetics estimates without a particularly close look."

It's interesting to trace the parallel course of skyrocketing OPEC prices and syn crude calculations. In 1972, the Institute of Technology President Jerome Wiesner said at a House hearing that oil from shale could be produced for \$4.50 a barrel in constant dollars (a price not adjusted for inflation) — even lower than the NPC estimates.

On June 22, 1973, Charles DiBona, now head of the American Petroleum Institute but then the president's energy adviser, estimated a price of \$5.50 to \$7 a barrel.

Then, at the end of 1973, came the Arab oil embargo, and the OPEC price rises started.

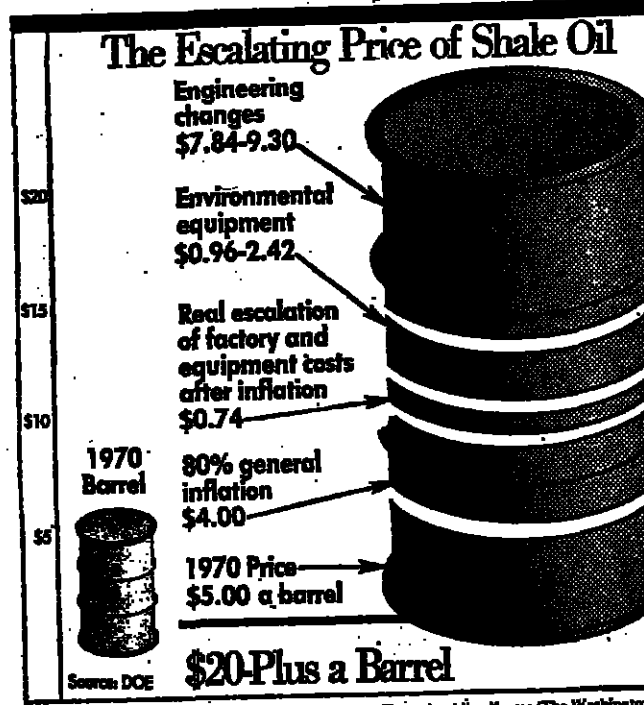
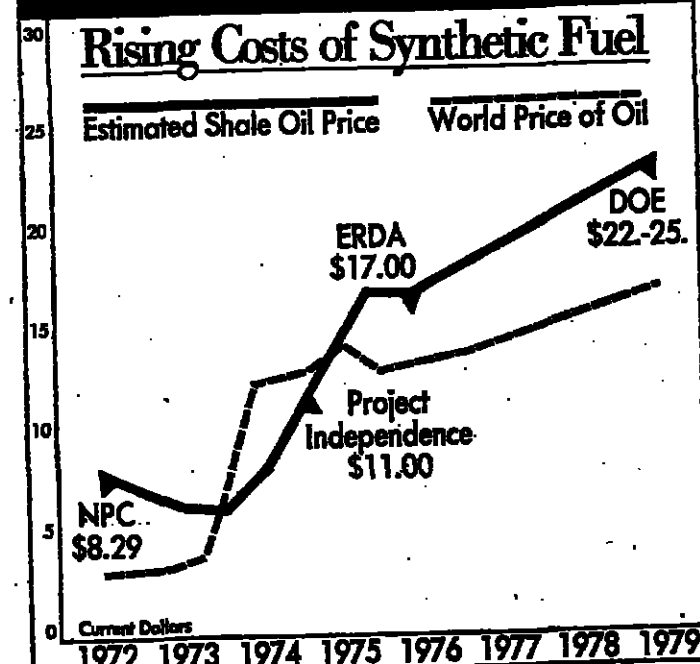
At first there was little corresponding increase in the estimated cost of syn crude.

1974 Estimates

Early in 1974, Deputy Energy Administrator John Sawhill gave the same \$5.50 to \$7 estimate that DiBona had given a half-year earlier. The National Academy of Engineering said oil from shale would cost \$6 to \$8 a barrel (using the richest shales) and crude produced from coal liquefaction perhaps \$8 to \$9 a barrel.

A Navy study predicted that the price of imported crude would rise to \$13.60 a barrel by 1977 (impressively hitting the ultimate figure all along on the nose), but that oil from shale might be produced for \$8.77 a barrel, and synthetic crude from coal for about twice that amount.

The Federal Energy Administration's November, 1974, "Project Independence" report



they will plunk down huge amounts of money — \$4 billion to \$2 billion for \$0.0001 to 75,000-barrel-a-day commercial-sized plants to convert shale or coal into synthetic oil. At \$20 to \$30 a barrel — then see the Saudis cut the guts out of the market by lowering the price for conventional crude oil to \$10 a barrel — the Saudis want to break the bank," said Dr. Larry Gold, a consultant and science planner.

To counter this fear, a House Banking Committee bill authorizes \$2 billion in subsidies to cover losses if the market drops below certain target prices.

Inertia Factor

There also is the inertia factor: the oil and coal companies are accustomed to producing conventional forms of fossil fuels. The industry is making money. Why go into expensive new technologies?

"The mentality of the oil companies is drill," said a Florio executive. An Exxon executive said recently that the decision not to undertake certain projects "is purely economic"; right now oil companies can make more money drilling for new oil.

Meanwhile, however, several companies are moving cautiously into syn crude. Occidental, which has taken over one of the oil shale tracts leased from the government in the West, is experimenting with an underground "in situ" shale method that would avoid some environmental problems and produce oil for sale at a price, after upgrading and shipping, of \$14 to \$24 a barrel. With a proposed tax credit on shale oil at \$20 a barrel, DOE this could translate to oil at \$14 a barrel — a price competitive in world markets.

Going Ahead

Union Oil is going ahead with a \$130 million, 9,000-barrel-a-day pilot plant. And Exxon's Shell, fairly bullish on Canadian tar sands, is negotiating for big plants (100,000 barrels a day or so) that will cost \$5 billion and \$4 billion respectively.

Former Rep. Charles Brown, then representing TOSCO, warned Congress a few years ago that big oil was unlikely to invest much in syn crude production until it had sucked most of the easy conventional crude out of all the nooks and crannies of the earth.

"Major oil companies are generating substantial internal capital and have AAA credit," said, "but drilling for conventional petroleum is their primary business, and it has priority claim on their capital. They say, quite frankly, that synthetics must come later, after Alaska, after the North Sea, and after offshore drilling in petroleum."

Companies like Union, Occidental and the Canadian tar sand ventures insist that they are serious and will go ahead.

As soon as the tax credit is passed, said Union's Tom Hairston, "you will see very fast whether we'll start pouring concrete."

of shale and coal syn crude on the assumption that in 1985, the market price of oil might be either \$7 a barrel or \$11 (both in 1974 dollars).

Competing Oil

It concluded that synthetics would be only "marginally economic" at \$7 a barrel, but "at 11 they are economic."

By 1975, however, the estimated costs for synthetics caught up with OPEC prices and began surpassing them. The OPEC import price was around \$13.

The Oil Shale Corp. (TOSCO) told a House hearing that if it could get funding it could produce oil competing with "today's price for Middle East sweet (10 w-sulfur) crude landed in U.S. ports... for \$13.15 a barrel." A government task force estimated the cost of oil from shale (in 1975 dollars) at \$10 to \$13 and syn crude from coal at \$19 to \$26 a barrel. Standard of California put the figures at \$17 for shale oil and \$30 for syn crude from coal.

Today, the estimated costs are comfortably beyond the \$16 to \$18 price of world market OPEC oil. The Department of Energy is now talking \$22 to \$25 a barrel for oil from shale, and for synthetic crude from coal, in the upper \$20's.

What accounts for this amazing upward flight

prices and far outstripping the general rise in the cost of living?

One explanation is that the oil and coal industries clearly haven't pressed too hard on research and other spending to make the technological breakthrough that would assure low production costs for syn crude.

A Census Bureau study for the National Science Foundation shows total spending in 1978 by U.S. industries to research and develop syn crude production was \$23 million for shale and \$178 million for coal, including some government subsidies.

Understated Figures

Department of Energy sources say these figures may be understated because some of the research and development costs may be tucked away in other accounts.

But even if the figures were doubled, they are insignificant compared with the \$7.8 billion in 1977 exploring for conventional sources of oil and gas in the United States and surrounding waters.

The U.S. government isn't doing all that much either. President Carter's request for all syn crude projects for fiscal 1980 is about \$285 million — \$70 million less than fiscal 1979. DOE spokesmen say several projects flopped and one

is so far from the oil windfall profits tax, administration with apparenty no more in an ad-

the nation's energy problems.

Another explanation of the rocketing cost estimates on syn crude — one widely shared by respected engineers and economists — is that many of the optimistic earlier projections really were based on inadequate engineering and economic studies, and those projections couldn't take into account the pressure of inflation, especially in construction costs.

Big Boosts

Harry Perry, a chemical engineer who was coal research director of the U.S. Bureau of Mines and is now with Resources for the Future, said that inflation, added environmental cleanup requirements, higher capital costs, and exhaustive engineering studies that uncover unforeseen problems are what account for the big boosts.

"The closer you get to building the plant the more you take a real hard look on the ground and the more the costs go up," he said.

Also the costs of heavy construction, coal and borrowing money have risen rapidly. Perry, Dr. Robert Stobaugh, director of Harvard Business School's energy project, and many others stressed that until plants are actually built, first a small one, then a good-sized one, all the problems and costs can't be known.

Still another factor is that oil companies fear

Dejected Turks Want to Stay Western, but the Price Has to Be High

By Andrew Borowick

ANKARA (IHT) — The term *gecekondu* means "built overnight" and applies mainly to the shanty towns that have sprung up in cities, breeding poverty, disease and despair. Recently it has taken on a national political connotation of hopelessness, fragility, cracks that cannot be stopped — imminent collapse.

Turkey, heir to the once-powerful Ottoman Empire, was not built overnight, but increasing numbers of its 45 million inhabitants are calling it a *gecekondu*. As another hot summer settles over the Anatolian landscape, as shots crackle in the dark alleys of the teeming urban centers and extremist gangs do battle with bombs and machine guns, the comparison with a crumbling building becomes ominous.

To the south, the Gulf controls the West's oil routes, and Turkey is supposed to protect whatever is left of NATO's southeastern flank. In the domino theory favored by diplomats, Turkey is also supposed to follow the path of Iran, although some opine that perhaps the Arab side of the Gulf will "go" first. In fact, neither side is equipped for the task that the West expects.

"If pushed to the wall, Turkey will not hesitate to jump out of the window," the country's left-of-center premier, Bulent Ecevit, said recently. Meanwhile, after persistent denials, he has finally devalued the lira by about 40 percent to obtain a loan of \$1.5 billion from the International Monetary Fund.

'Dying Man'

The sum is unlikely to bail Turkey out of its disastrous economic position. Half a century ago the "sick man of Europe," Turkey today might almost be called the dying man of Europe. Even the term "Europe" is a misnomer: 90 percent of the country is in Asia, and despite sweeping decrees by Kemal Ataturk half a cen-

tury ago, the Turkish mentality has little in common with that of Europe.

Mr. Ecevit is not inclined to relinquish power to his bitter political opponent, former Premier Suleyman Demirel, who heads the conservative Justice Party. At the moment Mr. Ecevit can count on 222 votes in the 450-member National Assembly — four short of an absolute majority. When a confidence vote that could easily have ousted him was scheduled to take place last week, members of his Republican People's Party (RPP) stayed away, preventing a quorum. No quorum, no vote.

The economy is in tatters. The political system is a series of confrontations punctuated by terrorism. The armed forces, which number 485,000, are hopelessly obsolete. Anger and frustration permeate the ruling establishment, the intelligentsia and the military.

Yet Turkey now has something that it hopes to barter for a new lease on life, after years of neglect by the West in general and the United States in particular. Suddenly, after the collapse of Iran's "peacock throne," Turkey is being courted. It has emerged as the West's last hope in a chronically unstable part of the world. Above all, it is the home of 26 U.S. military installations, at least two of them essential in monitoring Soviet compliance with the SALT-2 treaty.

In addition, Turkish airspace will be needed for overflights by U.S. spy planes to inspect Soviet nuclear silos and space-launch sites. The matter of U-2 overflights has preoccupied U.S. and Turkish negotiators for several weeks. In general, Mr. Ecevit has accepted the line that as long as the Russians don't object, there should be no problem.

A few days ago a diplomatic bombshell burst on the cloudy Turkish-U.S. scene. It was detonated by Gen. Kenan Evren, Turkish chief of staff, who said bluntly that unless more U.S.

money was forthcoming, "we cannot allow U-2 flights over Turkey." Was this the rebellion of an influential general of an army seething with unrest and anger at the ineptness of the politicians? Or was it just another of the many warnings that the military have been delivering since their last takeover in 1971?

The questions stand and politicians are wary. Despite some lame denials, Gen. Evren appears to have stuck to his words. In the Turkish zone of Cyprus, officers of the 26,000-man expeditionary corps are saying bluntly that if Mr. Ecevit falls, the army will have no choice but to take over to preserve "Turkish democracy and Ataturk's heritage."

\$1-Billion Package

Restricted by the power of the Greek lobby in the United States, President Carter is having trouble pushing through Congress an additional \$50 million for the Turkish armed forces. If all goes well for the Turks, the best the United States can expect to produce is a package of about \$1 billion over the next two years. Unfortunately, Turkey needs more.

Last fall Mr. Ecevit suggested a loan of \$8 billion from the Common Market. The sum was so big that it provoked incredulity in Europe and gasps of disbelief in Turkey itself. But Turkey has a foreign debt of \$14 billion, and its exports barely cover the \$2 billion annual oil bill. Turkish factories operate at 50 percent capacity because imports of raw materials have been cut drastically. The inflation rate is on the order of 60 percent. Unemployment is about 20 percent of the labor force.

For the West the big question is whether a large injection of funds could save the country that controls the strategic Bosphorus and Dardanelles straits, has a 370-mile border with the Soviet Union, and shares tense borders with Iran and Iraq, where Kurdish nationalism is stir-

ing. In the last five years, the Nixon, Ford and Carter administrations have all warned of the need to keep Turkey as a viable military power, but the U.S. Congress was more interested in punishing Turkey for invading nonaligned Cyprus in 1974, an act that Turkey regarded as in keeping with its role as a guarantor of Cypriot independence.

After an Athens-inspired bomb on the Mediterranean island, where ethnic Turks constitute 19 percent of the population of 650,000, the Turks now occupy close to 40 percent of Cypriot territory and are unlikely to move until a permanent settlement is reached taking into account the precarious position of the Turkish minority.

The repeal of the U.S. arms embargo last August, after much haggling, was conditional on progress in Cyprus. Mr. Carter has been reporting dutifully to Congress every two months, but so far there has not been much to report.

The Turks reciprocated by authorizing reopening of the U.S. military installations, said to be responsible for collecting 30 percent of electronic intelligence on the Soviet Union. The bases now operate on a 10-year, temporary agreement that expires in October. Negotiations for a permanent military-economic cooperation treaty have run into snags.

The Turks have presented a defense-economic package proposal, acting on the premise that "economy and defense are inseparable." They would like to see U.S. aid for the Turkish defense industry in order to modernize the armed forces. The U.S. side is reluctant to link the future of the bases with any other agreement, but Turkey wants a solid, neatly wrapped package that would give breathing space.

The U.S. team in the sensitive negotiations is sympathetic to Turkey's plight. "Either we take the problem seriously and pour vast amounts of money into Turkey, or we give up the idea that Turkey is capable of protecting NATO's

southeastern flank," a U.S. military observer said.

The United States is not worried that the Turks would switch sides. This, at least, does not appear likely. At the most, the Turks might seek closer ties with the Third World, in particular the Arab countries, and try rapprochement with the Soviet Union, which has been watching Turkish developments with obvious interest. None of this would be likely to help U.S. strategy in the area, as both the Turks and the Americans know. So the bargaining has been hard, with Turkey — for a change — holding most of the cards.

The Turks resent the fact that while the United States is willing to grant \$5 billion to Egypt and Israel for Mr. Carter's peace treaty, they have to haggle over smaller sums. This has not helped U.S. popularity here.

'Great Risk'

"The government took a great risk in authorizing the reopening of the American bases last fall," a high Foreign Ministry official said. "If there are no positive results from our negotiations, the government may be in trouble."

The plight of the Turkish armed forces has been of particular concern to U.S. military planners. In the words of a U.S. military expert, "it would take literally billions of dollars" to turn Turkey into a viable shield of NATO.

The army has 375,000 men in 1. armored, 2. mechanized infantry and 14 infantry divisions plus a number of independent brigades, including paratroopers and commandos. But all of its 2,800 tanks are of Korean War vintage, the communications systems are obsolete, and shortage of fuel has reduced the training of tactical units to the barest minimum.

The Americans would like to replace the cumbersome tank units with mobile battalions equipped with modern anti-tank missiles. The Turks are said to be reluctant to reduce the

number of their tanks, although these are hard to match for Soviet armor in any case.

The navy is described by Western attaches as so obsolete that most of its ships are "a year past the scrapyard stage." The navy has 43,000 tons of 14 submarines, 12 destroyers, 2 frigates plus patrol boats and support vessels. The Americans would like most of the antiquated ships scrapped and replaced by missile-equipped patrol craft. That, too, would run into enormous expenditures.

Air Force Gloom

The air force, with 319 combat planes, is so obsolete that it is largely a spare part. Largely due to the embargo — has reduced operational capability to barely 50 percent, recent NATO report spoke of air force commanders as being "in a state of unreliability."

Since December, troops have been busy in a bid on large portions of the country with martial law was imposed after sectarian riot. Although initially the army appeared to be successfully suppressing the political gangsterism, in the first four months of this year about 400 people have been killed in political violence.

The Turks see the roots of turmoil as essentially economic. "You give us the money and we will put our house in order." This appears to be the gist of the message emanating from a gloomy capital.

The residue of bitterness left by the arms embargo is enormous. In fact it is so big that so many Americans doubt that the psychological damage can be repaired.

Turkey sees itself as a victim of U.S. ethnic politics, misunderstood and maligned. It is trying to cling to its commitment to the West but now for a price. The longer the West draws its heels, the Turks say, the higher the price likely



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Belgian Franc Gains After Key Rate Rise

BRUSSELS, June 29 (AP)—The Belgian franc rallied sharply against the dollar today in response to a key rate increase by the nation's central bank. The franc rose 1.5 percent to 16.075, its highest level since 1977, following a 100-point rise in the key rate to 11 percent.



Nicholas Harding

People in Business

Royal Bank of Canada has the following transfers to its new branch, the Royal Bank of Canada (London): Jock Macdonald, vice chairman of the bank, has been named chairman of the new bank; Jock Styles, senior vice president, Europe, Middle East and Africa, is vice chairman; Nicholas Harding, previously vice president, U.K., Ireland and Scandinavia, is managing director; and Mr. Brennan, previously assistant manager, wholesale bank, Latin America and Caribbean, is deputy managing director.

Bank has named Martin Pick, Carol Sharpe and Colin as associate directors in London.

Nicholas Leimire, previously a sales manager of American Express, has been named commercial director of the newly formed Paris offices of American Express & Garden Magazine and its subsidiary, Garden Magazine, both owned by Conde Nast Publications.

Japan Faces Oil Crisis Calmly

TOKYO, June 29 (AP-DJ)—Despite its heavy dependence on foreign oil, Japan is facing the energy crisis calmly, showing none of the symptoms that appeared during the 1973 oil embargo—like high inflation and hoarding.

One reason is that the present energy problems, unlike the crisis of 1973-74, did not happen suddenly, and the Japanese have had time to adjust. Some of the preparations have been mostly symbolic. Premier Masayoshi Ohira made a speech that sounded much like U.S. President Carter's "moral equivalent of war" address. The ruling Liberal Democratic Party and several opposition parties responded by unanimously approving a short-lived suit for wear in the chambers of the Diet (parliament).

But it is the more substantive efforts that account for the apparent nonchalance. Between 1973 and 1978, Japan reduced its annual imports of oil by 126 million barrels. Last year, the bill was \$26.9 billion for 1.8 billion barrels of oil.

In addition, Japanese trading houses, oil-refining companies and other firms have increased the amount of oil that they get directly from oil-producing nations, bypassing the major oil companies. In 1973, for instance, 14.3 percent of Japan's imports of crude were purchased in direct deals or through development contracts whereby corporate importers invest in the development of oil resources and receive shipments of crude in return. Last year the share was 30.6 percent.

Japan also has been successful in seeking alternative fuel sources. According to a council of Japanese power companies, the share of nuclear power in Japan's energy supply will rise to 19.7 percent by 1989 from the present 11.3 percent; the share of liquefied natural gas will increase to 20 percent from 11.5 percent and of coal to 7.4 percent from 3.8 percent.

As a result of the steps that the country has taken,

U.S. Leading Index Rises

WASHINGTON, June 29 (UPI)—A U.S. barometer of what may be in store for the economy flashed a hopeful sign today, but its long-term trend pointed to an economic slowdown and possibly a recession.

The Commerce Department's index of Leading Economic Indicators jumped 0.4 percent in May, but government economists said that was mainly because the index for April was thrown into a tailspin by an unusual decline in the average workweek of production workers, one of 10 factors that make up the index.

That caused the April index to take what was first reported to be a record 3.3-percent plunge, but which has been recalculated as a 2-percent drop. The index rose 0.3 percent in March.

The workweek declined to 39.2 hours in April because there was a trucking strike and because the Easter and Passover holidays fell during the week that the government made its survey. The workweek rose to 40.2 hours in May.

Feliks Tamm, a department economist, said that the significance of the barometer is seen by leaving out the "disturbance" of April. The level of the index, based on 1967, then is seen to decline 1.7 percent to 141.2 from May 1967 to 143.6 in March. "The underlying trend is strongly down since March, but it actually started earlier. It would indicate a slowdown of the economy which may become a decline," he said, explaining that the slowdown means slower growth of the economy and that a decline would mean a shrinking of the nation's output—a recession.

The index measures elements of the economy that are thought to rise and fall slightly in advance of recessions and booms, giving an indication of where the economy is going. They have indeed fallen at the start of recent recessions, but sometimes they have fallen, and no recession has followed.

Other parts of the index that rose in May were new orders for consumer goods in 1972 dollars, up 0.21 percent, and new building permits, up 0.23 percent. Among the indicators that dropped, new orders for plant and equipment showed the greatest decline at 0.34 percent, followed by the money supply in 1972 dollars, off 0.31 percent. Other parts of the index that declined were total liquid assets, changes in sensitive prices and stock prices in 1972 dollars. Two indicators were unchanged: the rate of layoffs and the time taken in delivery of goods.

The index of coincident indicators, a monthly approximation of aggregate economic activity, rose 0.1 percent in May. It is a leading indicator, which moves after a time lag in the direction of the coincident

Libya Oil Scare Reverses Early Big Board Advance

NEW YORK, June 29 (Reuters)—An unconfirmed report that Libya would halt oil exports for several years reversed a moderate advance today and New York Stock Exchange prices eased in active trading.

The market dropped abruptly when the Libya story was reported but pared its losses after several oil companies and the U.S. State Department were unable to confirm the report.

N.Y. Bank Sets Up Sale Of 55 Units

NEW YORK, June 29 (Reuters)—Bankers Trust New York said today that it had agreed in principle to sell 55 branches in the New York area to Barclays Bank of New York, National Bank of North America and Bank Leumi Trust, of New York. Terms were not disclosed.

Bankers Trust said that Barclays was seeking to buy seven branches in New York and 21 branches in Nassau and Suffolk counties. National Bank wants to buy 10 branches in Westchester County and six in New York, and Bank Leumi wants to purchase 11 branches in New York. The sales are subject to final agreement between the companies and regulatory approval.

The company said that it planned to negotiate to sell 30 other branches in the New York area when agreements with these three banks were finalized. More than 25 banks have indicated that they were interested in buying branches since negotiations with Bank of Montreal for the purchase of 89 Bankers Trust branches were terminated last March, it said. Bankers Trust, which has 103 branch offices, said that it planned to retain a core group of offices to serve its New York-based commercial business. It said that it hoped that final agreements with the three banks, including regulatory approvals, it added.

Company Reports

Revenues, Profits in Millions
In local currencies, unless otherwise indicated

Germany			
	1978	1977	1976
Year Revenue.....	10,480	10,160	
Profits.....	549.30	579.30	
Japan			
	1978	1977	1976
Year Revenue.....	264,730	360,200	
Profits.....	27.00	29.68	
Kao Soap			
	1978	1977	1976
Year Revenue.....	214,520	187,000	
Profits.....	136,190	131,880	
Profits.....	5,220	4,710	

"Around the corner is what appears to be the final blow-off in the great inflationary cycle of the last 40 years. The result, unfortunately, will be the complete destruction of the dollar."

—warns World Market Perspective, the newsletter which correctly forecast the 1973 oil crisis.

In March 1979, *World Market Perspective*, a monthly economic newsletter, forecast that Arab countries would soon begin using their oil as a weapon against America. Just a few months later they did.

In August 1978, the *Perspective* warned that the dollar would decline sharply in European money markets. It soon hit new lows. In June 1977, when gold was \$128 per ounce, the *Perspective* virtually begged its subscribers to buy. Today, gold is well over \$250.

And in October 1978, the *Perspective* told its subscribers the dollar would soon rise against the Swiss franc and other European currencies—and it did, almost immediately.

Now, *World Market Perspective* warns that the current strength of the dollar is short term and that America is headed directly towards runaway inflation. Not this year, maybe not next year. But, warns the *Perspective*, "runaway inflation is coming—and it cannot be avoided." The result, unfortunately, will be the complete destruction of the dollar.

Candid Study of Runaway Inflation

Now, in an in-depth 80-page report, *UNDERSTANDING RUNAWAY INFLATION: An Investor's Guide to Inflation Hedges*, *World Market Perspective* explains why it believes runaway inflation is inevitable, why the dollar will be wiped out, and how it believes you should invest to protect yourself. The *Perspective* gives its candid views on:

- 6 powerful forces pushing us towards runaway inflation.
- 2 factors—widely overlooked in Washington and Wall Street—which explain why the *Perspective* believes the U.S. government will not and, indeed, cannot stop the inflationary spiral.
- Why the banking system is highly vulnerable to double-digit inflation. Why the *Perspective* believes we'll soon see a rash of bank failures.
- Timing analyses—when the *Perspective* looks for annual double-digit inflation to resume, and triple-digit inflation to begin.

During past runaway inflations, a few investors not only kept their heads above water—they even prospered. In this report, the *Perspective* tells you how. It explains how you gain from inflation and shows how you can be one of them. It gives 12 simple-to-apply, yet critically important investment guidelines.

Then *World Market Perspective* shows you how to apply them in evaluating stocks, real estate, collectibles, and silver and gold investments. The *Perspective* gives you five specific recommendations for hard-money oriented portfolios.

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- Silver and gold: how you should balance your portfolio between them.
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Spot Oil Prices Steady After OPEC Rise

ROTTERDAM, June 29 (AP-DJ)—Spot prices for crude oil have remained at \$32 to \$34 a barrel despite the sharp rise in the basic oil price of the Organization of Petroleum Exporting Countries to \$18 and \$20 from \$14.55 a barrel.

Traders today reported little interest in spot crude, but they emphasized that it was too early to make firm assessments of the effects that the OPEC price increase will have in spot markets. But they generally saw a firm market, perhaps going to the mid-30s or slightly higher in the next week or two.

Crude purchase agreements concluded this month for July lifting carried escalation clauses to take account of the OPEC rise, but they also carried "kick-out" provisions that allowed buyers to invoke the kick-out, but sellers probably still will opt to let the crude go at the unescalated price.

Overall, the market is fairly quiet, with the large oil companies still out as prospective buyers, although one has bought a cargo of jet fuel.

Crude Oil

There are very few crude-oil shipments available on the spot market at the moment. A CIF (including cost of insurance and freight) price of \$34 dollars a barrel was asked for a cargo of Iranian light, basis Rotterdam, and a very large crude carrier load of Kuwait

Midland Bids For Heller

CHICAGO, June 29 (UPI)—Midland Bank Ltd., the British multinational banking group, has offered to acquire Heller International Corp., the U.S. financial holding company, in a cash transaction involving more than \$331 million, the companies announced yesterday.

Midland proposes acquiring all Heller common stock at \$42.50 a share, plus an additional payment for retained earnings from Jan. 1, 1980, to date of closing. Heller has approximately 12.5 million common shares outstanding.

The proposal will be presented to directors of both organizations next week and requires approval of the shareholders of both companies and U.S. and U.K. regulatory authorities.

Heller, with commercial finance, leasing and other secured lending operations throughout the United States, has assets of about \$4.3 billion and 1978 net income of \$34.9 million. It is engaged in domestic and foreign commercial banking activities through its American National Bank & Trust Co. of Chicago and through subsidiaries in more than 20 countries.

Midland Bank, one of four major U.K. clearing banks, comprises a multinational group of companies with total assets of about \$31 billion at the end of 1978. Net income amounted to \$227 million last year.

Fed Foreign Holdings Up

WASHINGTON, June 29 (AP-DJ)—Federal Reserve holdings of marketable U.S. government securities for foreign official and international accounts rose to \$77.5 billion Wednesday, up \$1.7 billion from a week earlier but down \$6.8 billion from the year-earlier period, the Fed reported today. Foreign holdings have risen \$1.6 billion during the last four weeks.

"Around the corner is what appears to be the final blow-off in the great inflationary cycle of the last 40 years. The result, unfortunately, will be the complete destruction of the dollar."

—warns World Market Perspective, the newsletter which correctly forecast the 1973 oil crisis.

In March 1979, *World Market Perspective*, a monthly economic newsletter, forecast that Arab countries would soon begin using their oil as a weapon against America. Just a few months later they did.

In August 1978, the *Perspective* warned that the dollar would decline sharply in European money markets. It soon hit new lows. In June 1977, when gold was \$128 per ounce, the *Perspective* virtually begged its subscribers to buy. Today, gold is well over \$250.

And in October 1978, the *Perspective* told its subscribers the dollar would soon rise against the Swiss franc and other European currencies—and it did, almost immediately.

Now, *World Market Perspective* warns that the current strength of the dollar is short term and that America is headed directly towards runaway inflation. Not this year, maybe not next year. But, warns the *Perspective*, "runaway inflation is coming—and it cannot be avoided." The result, unfortunately, will be the complete destruction of the dollar.

Candid Study of Runaway Inflation

Now, in an in-depth 80-page report, *UNDERSTANDING RUNAWAY INFLATION: An Investor's Guide to Inflation Hedges*, *World Market Perspective* explains why it believes runaway inflation is inevitable, why the dollar will be wiped out, and how it believes you should invest to protect yourself. The *Perspective* gives its candid views on:

- 6 powerful forces pushing us towards runaway inflation.
- 2 factors—widely overlooked in Washington and Wall Street—which explain why the *Perspective* believes the U.S. government will not and, indeed, cannot stop the inflationary spiral.
- Why the banking system is highly vulnerable to double-digit inflation. Why the *Perspective* believes we'll soon see a rash of bank failures.
- Timing analyses—when the *Perspective* looks for annual double-digit inflation to resume, and triple-digit inflation to begin.

During past runaway inflations, a few investors not only kept their heads above water—they even prospered. In this report, the *Perspective* tells you how. It explains how you gain from inflation and shows how you can be one of them. It gives 12 simple-to-apply, yet critically important investment guidelines.

Then *World Market Perspective* shows you how to apply them in evaluating stocks, real estate, collectibles, and silver and gold investments. The *Perspective* gives you five specific recommendations for hard-money oriented portfolios.

- Which collectible is the best investment now: fine art, antiques, rare stamps, vintage photographs, prints, or numismatic coins? The one essential rule to follow when investing in collectibles.
- Silver and gold: how you should balance your portfolio between them.
- One foreign currency the *Perspective* believes will be a safe financial haven for capital.

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High	Low	Div.	In %	P/E	100%	High	Low	High	Low	Div.	In %	P/E	100%	High	Low	High	Low	Div.	In %	P/E	100%	High	Low

		- X-Y-Z -	
44	50 Xerox	2.40	4.811 494 61% 60% 60%

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AMEX Nationwide Trading Closing Prices June 29

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

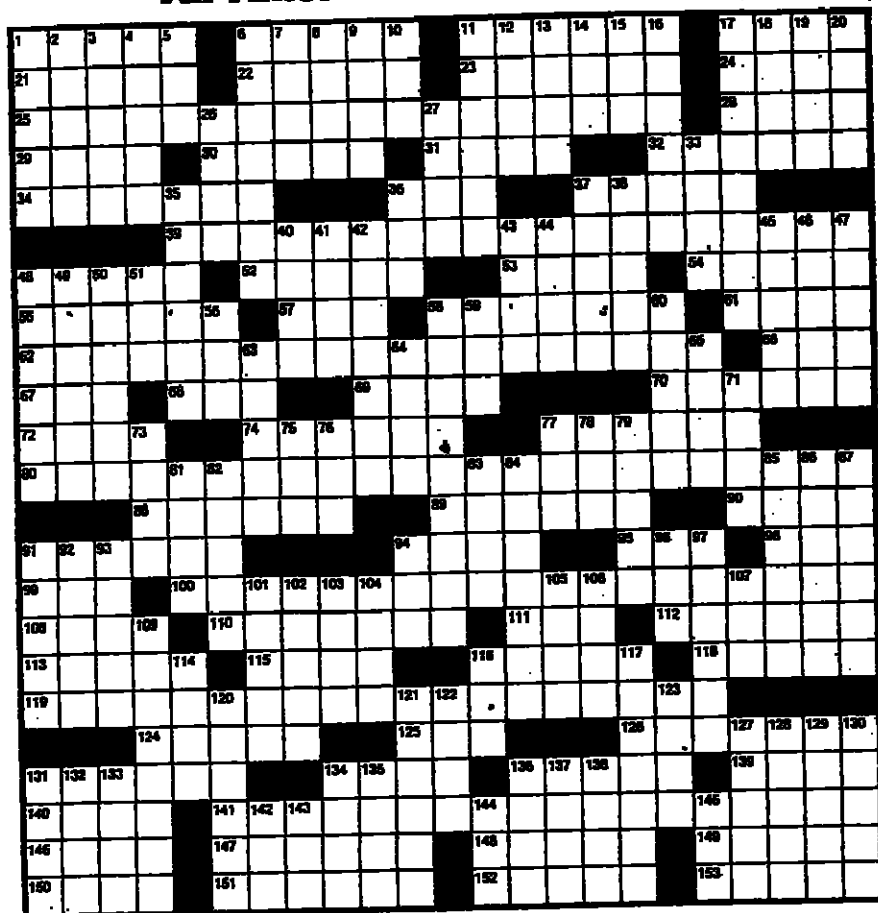
CROSSWORD PUZZLE

Edited by
EUGENE T. MALESKA

All-American Verses By Anne Fox

ACROSS
1 Speaks gruffly
2 Essays
3 Low bow
4 Literature
5 Nobel prize
6 Mockery
7 Droll
8 Spanish stew
9 Sheltered place
10 Poem for
11 June 17, 1775
12 Turnover in
13 birthplace
14 Apple thrower
15 of myth
16 Not seldom
17 Bakery aide
18 Bombard
19 Tennis great
20 René
21 Chinese-American
22 architect
23 That is to say
24 Poem for
25 Aug. 6, 1777
26 Jelly fruit
27 — Incognita
28 Asian tree
29 Sun: Comb.
30 form
31 City on the
32 Cheong
33 Kind of cross
34 Balancing
35 Pull
36 Poem for Dec.
37 26, 1775-Jan. 3,
1777
38 Keel's
39 companion
40 — semper
41 tyrannical
42 Enslaved Killy
43 Celt
44 Story from the
45 past
46 U.S. satellite
47 Progenitor
48 Graduated

ACROSS
49 Poem for
50 July 18, 1779
51 Moved along
52 an apron
53 Cladby
54 Word with
55 bank or ball
56 Magnificent
57 Over: Fr.
58 Western Org.
59 First-rate
60 Daughter of
61 Cadmus
62 Poem for
63 May 12, 1780
64 Forbidding
65 Some speakers
66 Yangtze feeder
67 Show off
68 113
69 Memorable
70 impresario
71 Réunion et al.
72 Overcast
73 Surround
74 Poem for
75 Oct. 19, 1781
76 "The Bells of
77 St. —"
78 Promissory
79 note
80 Pinched with a
81 form
82 Past
83 Swirl
84 Teacher of
85 Stradivari
86 U.S. Island
87 Poem for
88 April 30, 1789
89 Bed part
90 Mexican state
91 The
92 Riveter
93 Chan portrayer
94 First name in
95 clocks
96 Comet man
97 Asian range
98 In disorder



DOWN
1 Biblical tower
2 Opera star
3 Esteemed
4 object
5 Great horse of
6 the 60's
7 Relative of
8 Mme.
9 Goodly part of
10 a yard
11 Money in coin
12 "Ist —"
13 Beatles song
14 With: Prefix
15 Money in coin
16 River to the
17 Rhine
18 Long over
19 Hero of a Sheed
20 book
21 Every
22 African republic
23 U.S. poet
24 Francis
25 Israeli dance
26 — plaider
27 "Chapman
28 music" man
29 First president
30 of the
31 Transvaal
32 Fuel in the
33 news
34 "Gee whizz!"
35 Unless before:
36 Lat. abbr.
37 Three
38 One of the tides
39 — point
40 (lace)
41 Bone: Comb.
42 Spirit of St.
43 Louis
44 Exchequer
45 Winged
46 Shear fabric
47 Joined
48 Overcast
49 Zwingli's first
50 name
51 Actor Don
52 México, for one
53 "Three men
54 in a room"
55 Texas town
56 Jackson's bill
57 Kind of deer
58 Looser to
59 Reagan: 1970
60 French fruit
61 Pro
62 Lower to
63 F.D.R.: 1936
64 Moon goddess
65 Strident
66 Plays the
67 Doral
68 Southwest
69 wind
70 Amador's
71 delight
72 Dove's
73 opposite
74 "He hath
75 spread —"
76 Topgallant
77 Land mass
78 — Blah
79 1970 film
80 Annex
81 Lippo Lippo
82 — de guerre
83 Trifle
84 Precipice
85 Despicable one
86 Part of a fair
87 Toy
88 James Jones
89 book: 1975
90 Fish
91 Santa-
92 speaking people
93 Collars
94 "Just great!"
95 Tweak, e.g.
96 — blue
97 Mountain pass
98 in India
99 Bad
100 Capital feature
101 Trout G.I.
102 Land mass
103 — Blah
104 Annex
105 Lippo Lippo
106 — de guerre

Solution to Last Week's Puzzle

CANADA TRAFFIC SHAP
ACROSS
1. SPEAKS GRUFFLY
2. ESSAYS
3. LOW BOW
4. LITERATURE
5. NOBEL PRIZE
6. MOCKERY
7. DROLL
8. SPANISH STEW
9. SHELTERED PLACE
10. POEM FOR
11. JUNE 17, 1775
12. TURNOVER IN
13. BIRTHPLACE
14. APPLE THROWER
15. OF MYTH
16. NOT SELDOM
17. BAKERY AIDE
18. BOMBARD
19. TENNIS GREAT
20. RENÉ
21. CHINESE-AMERICAN
22. ARCHITECT
23. THAT IS TO SAY
24. POEM FOR
25. AUG. 6, 1777
26. JELLY FRUIT
27. — INCIGNITA
28. ASIAN TREE
29. SUN: COMB.
30. FORM
31. CITY ON THE
32. CHEONG
33. KIND OF CROSS
34. BALANCING
35. PULL
36. POEM FOR DEC.
37. 26, 1775-JAN. 3,
1777
38. KEEL'S
39. COMPANION
40. — SEMPER
41. TYRANNICAL
42. ENSLAVED KILLY
43. CELT
44. STORY FROM THE
45. PAST
46. U.S. SATELLITE
47. PROGENITOR
48. GRADUATED

WEATHER

ALABAMA
ALASKA
ARIZONA
ARKANSAS
CALIFORNIA
COLORADO
CONNECTICUT
DELAWARE
FLORIDA
GEORGIA
HAWAII
ILLINOIS
INDIANA
IOWA
KANSAS
KENTUCKY
LOUISIANA
MAINE
MARYLAND
MASSACHUSETTS
MICHIGAN
MINNESOTA
MISSISSIPPI
MISSOURI
MONTANA
NEBRASKA
NEVADA
NEW HAMPSHIRE
NEW JERSEY
NEW MEXICO
NEW YORK
NORTH CAROLINA
NORTH DAKOTA
OHIO
OKLAHOMA
OREGON
PENNSYLVANIA
RHODE ISLAND
SOUTH CAROLINA
SOUTH DAKOTA
TENNESSEE
TEXAS
UTAH
VERMONT
VIRGINIA
WASHINGTON
WEST VIRGINIA
WISCONSIN
WYOMING

BOOKS

ABBEY'S ROAD

By Edward Abbey. E.P. Dutton. 198 pp. \$9.95

Reviewed by John Leonard

A 17-year-old daughter have just walked 10 miles — there and back — through the Canyonlands National Park in southeast Utah to inspect, from a 500-foot overlook, the confluence of the Green and Colorado Rivers. The bad guys want to build a highway to the overlook. Abbey asks his daughter whether the bad guys should be allowed to get away with it. She says no; people should walk. He says: "Suppose they're too old to walk? Too young? Too fat, thin, arthritic, decrepit, scared, ignorant, lazy, rich, poor, dumb? How about crippled war veterans who fought for their country? Are you going to deny them the right to see the Confluence Overlook from the comfort and convenience of their Ford LTDs?"

She replies: "Everybody can't have everything." "Is that so?" he says. "You think you should have anything you want. If you can get it. Who do you think you are? Do you think you're better than most people?" She thinks this over. "Well," she says, "a little better."

And there we are. Abbey — a five-time novelist, part-time forest ranger, most-of-the-time nature writer (better books) and full-time libertarian, anarchist, atheist and "dedicated scowler" — is clearly one of the good guys. He wants to go up a mountain or into the desert alone, or in the company of a good woman with a bottle of bourbon and Gustav Mahler on the tape deck, and he does not want to be followed by cement trucks, mobile homes, cabin cruisers, helicopters and souvenir stands. "What good is a Bill of Rights," he asks, "that does not include the right to play, to wander, to explore, to discovery and physical freedom?"

The trouble is that the good guys do seem to think that they're a little bit better than most people, just like the bad guys. Most people have only two or three weeks off each year from the factory or the organization, and need wheels to get anywhere before their license expires. Most people can't pay the alimony and the child support by writing agreeable books. Most people must lead less thrilling lives.

Abbey has heard all this before. He cheerfully admits a certain amount of elitism. He is aware that while "the world is wide and beautiful," nevertheless, "almost everywhere, the children are dying." He disdains the Winnebago motor home until he talks to the 65-year-old widow who owns one and is "always on vacation." And then she tells him: "It's a nice way to live, but don't tell the world about it. We can't have everybody doing this, you know."

Yes, we know. I contemplate Abbey. Twice in this collection of

to be found naked except for sandals and a hat. In the Australian outback, he steals a shovel because he needs one. On the summit of Ayers Rock he leaves an empty penicillin jar. From a little boat in the middle of Lake Powell, mourning the Glen Canyon that once was, he tosses his torn beer can into the water, "where it sinks and disappears." If everybody did these things, what is left of the wilderness would be much less pleasant for the nature writers.

It is, in fact, as if even the best of the nature writers — the Edward Abbeys, the Edward Hoaglands, the John McPhees, the Wendell Berrys, the Peter Matthiessens, the Ann Zwingers — are telling us that the wilderness is too good for us. There is a complacency in their rage against the underserving and the unobservant. We are being told to stay home and read their books.

After such grumping, what is there left to say? Almost everything. Abbey is my kind of crank. I haven't missed a book of his since the splendid "Desert Solitaire." He sees more and feels finer than most people. He is also much funnier. "My career as a fire lookout began by chance. Having injured my knee during the Vietnam War (skiing in Colorado)..." He also writes better. "Through a mist of rain to the north, less than a mile away, I see pink lightning vibrate, illuminated nerve, between cloud and mountain."

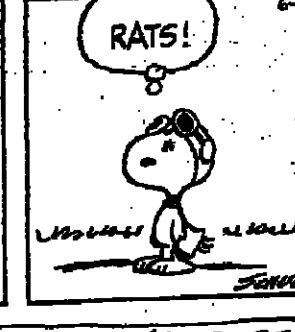
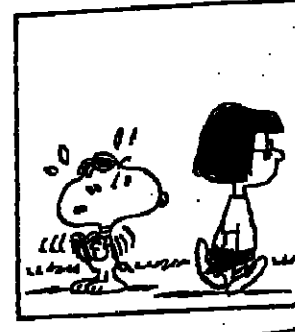
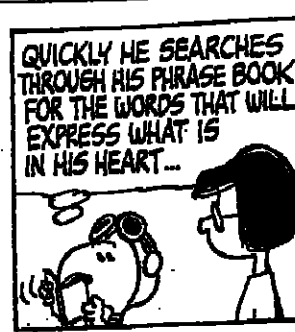
"Abbey's Road" takes him to Australia, Scotland, Mexico and Death Valley, not to mention Texas and an Arizona town called Glob. Included in the nature he writes about are people, especially women. He is an impossible romantic when it comes to women and landscapes. And he has a long list of interesting prejudices against police officers, engineers, Texans, Henry James, New York, Norman Mailer, CB radio, mystagogues of the Carlos Castaneda variety, vegetarians.

"When the lion lies down with the lamb, it must be for the purpose of sharing a dinner, a dinner in which one eats and the other is eaten. Otherwise the lion would starve to death. The lamb itself eats grass, those green, tender, delicate beings with who knows what fine emotions and refined aspirations of their own. The moralistic vegetarian is a hypocrite; no self-respecting herbivore would share such a doctrine for a moment."

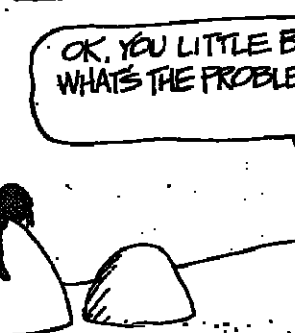
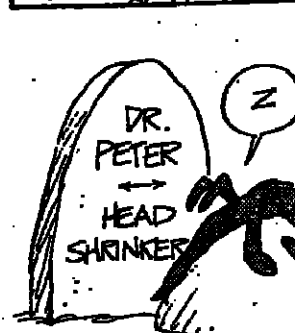
I have been along a few of Abbey's roads. He sees much more than I did. Indeed, reading him is often better than being there. So maybe he is right. I should stay home reading, and out of his way.

John Leonard is on the staff of The New York Times.

P E A N U T S



B. C.



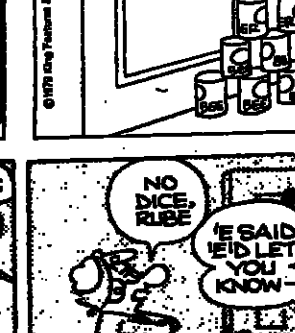
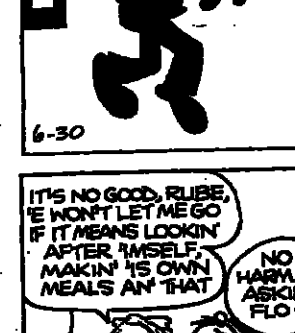
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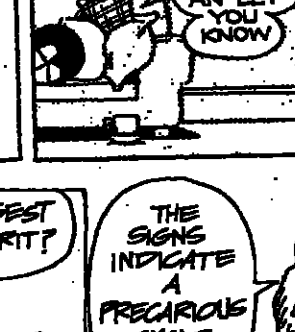
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A N D Y C A P P



W I Z A R D



R E X M O R G A N



D O N E S B U R Y



JUMBLE.

THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

O S S U E
M Y L O D
B A R J E B
G E E N E R

Print answer here: O O S S U E

Yesterday's Jumbles: ARRAY STOKO MIDWAY CATCHY

Answer: Like a man — out to stop ralde from the air — A SCARECROW

Registered as a newspaper at the Post Office

Printed in Great Britain

DENNIS THE MENACE

by Dennis the Menace



